

# **Beaufort West**

## **MUNICIPALITY**



[These financial statements have not been audited]

## **FINANCIAL STATEMENTS**

**30 JUNE 2014**

# BEAUFORT WEST LOCAL MUNICIPALITY

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# BEAUFORT WEST LOCAL MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Beaufort West Municipality is a local municipality performing the functions as set out in the Constitution (Act no 105 of 1996).

#### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998).

#### JURISDICTION

The Beaufort West Municipality includes the following areas:

*Beaufort West*

*Nelspoort*

*Merweville*

*Murraysburg*

#### MUNICIPAL MANAGER

*Mr. J. Booyens*

#### CHIEF FINANCIAL OFFICER

*Vacant*

#### REGISTERED OFFICE

*112 Donkin Street*

*BEAUFORT WEST*

*6970*

#### AUDITORS

Office of the Auditor General (WC)

#### PRINCIPLE BANKERS

ABSA Bank, Beaufort West

#### ATTORNEYS

*Crawford Attorneys, Beaufort West*

*Van Niekerk Attorneys, Beaufort West*

#### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Water Services Act (Act no 108 of 1997)

Housing Act (Act no 107 of 1997)

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1996)

Basic Conditions of Employment Act (Act no 75 of 1997)

Remuneration of Public Office Bearers Act (Act no 20 of 1998)

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALBC Leave Regulations

# BEAUFORT WEST LOCAL MUNICIPALITY

## MEMBERS OF THE BEAUFORT WEST LOCAL MUNICIPALITY

| WARD         | COUncILLOR       |
|--------------|------------------|
| 1            | L Deyse          |
| 2            | A.M. Slabbert    |
| 3            | G. de Vos        |
| 4            | S.M. Motsoane    |
| 5            | M. Furmen        |
| 6            | G.P. Adolph      |
| 7            | J. Bostander     |
| Proportional | P.A. Jacobs      |
| Proportional | G.T. Murray      |
| Proportional | T. Prince        |
| Proportional | R. van der Linde |
| Proportional | D.E. Welgemoed   |
| Proportional | A.D. Willemse    |

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2014, which are set out on pages 1 to 121 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Mr. J. Booyens  
Municipal Manager

31 August 2014

Date

BEAUFORT WEST LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

|  | Notes | 2014<br>R<br>(Actual) | 2013<br>R<br>(Restated) |
|--|-------|-----------------------|-------------------------|
| <b>NET ASSETS AND LIABILITIES</b>                  |       |                       |                         |
| <b>Net Assets</b>                                  |       | <b>346 132 469</b>    | <b>341 239 891</b>      |
| Capital Replacement Reserve                        | 2     | 4 849 606             | 4 546 564               |
| Housing Development Fund                           | 2     | 4 198 159             | 4 170 185               |
| Self Insurance Reserve                             | 2     | 1 118 685             | 1 035 337               |
| Accumulated Surplus                                |       | 335 966 019           | 331 487 805             |
| <b>Non-Current Liabilities</b>                     |       | <b>46 160 825</b>     | <b>42 335 458</b>       |
| Long-term Liabilities                              | 3     | 14 602 574            | 14 703 394              |
| Employee benefits                                  | 4     | 25 882 098            | 22 295 025              |
| Non-Current Provisions                             | 5     | 5 676 153             | 5 337 039               |
| <b>Current Liabilities</b>                         |       | <b>46 033 645</b>     | <b>46 344 105</b>       |
| Consumer Deposits                                  | 6     | 1 138 815             | 1 159 826               |
| Current Employee benefits                          | 7     | 7 509 143             | 7 156 341               |
| Payables From Exchange Transactions                | 8     | 26 634 801            | 27 445 114              |
| Unspent Conditional Government Grants and Receipts | 9     | 7 135 563             | 7 774 144               |
| Unspent Public Contributions                       | 10    | 139 052               | -                       |
| Current Portion of Long-term Liabilities           | 3     | 3 476 271             | 2 808 681               |
| <b>Total Net Assets and Liabilities</b>            |       | <b>438 326 939</b>    | <b>429 919 454</b>      |
| <b>ASSETS</b>                                      |       |                       |                         |
| <b>Non-Current Assets</b>                          |       | <b>388 897 942</b>    | <b>381 291 829</b>      |
| Property, Plant and Equipment                      | 12    | 371 670 337           | 365 239 811             |
| Investment Property                                | 13    | 8 647 603             | 9 380 540               |
| Intangible Assets                                  | 14    | 268 770               | 334 581                 |
| Capitalised Restoration Cost                       | 15    | 1 664 002             | 1 744 746               |
| Heritage Assets                                    | 16    | 2 970 644             | 2 970 644               |
| Long-Term Receivables                              | 17    | 3 676 587             | 1 621 507               |
| <b>Current Assets</b>                              |       | <b>49 428 997</b>     | <b>48 627 625</b>       |
| Inventory  | 18    | 2 791 450             | 3 165 903               |
| Trade Receivables from exchange transactions       | 19    | 15 117 729            | 14 095 015              |
| Other Receivables from non-exchange transactions   | 20    | 14 970 281            | 8 879 561               |
| Unpaid Conditional Government Grants and Receipts  | 9     | 670 378               | 912 408                 |
| Operating Lease Asset                              | 21.2  | 10 008                | 11 821                  |
| Taxes  | 11    | 3 932 014             | 3 465 238               |
| Cash and Cash Equivalents                          | 22    | 11 937 136            | 18 097 679              |
| <b>Total Assets</b>                                |       | <b>438 326 939</b>    | <b>429 919 454</b>      |

BEAUFORT WEST LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

|   | Notes | 2014<br>(Actual)<br>R | 2013<br>(Restated)<br>R | Correction<br>of error<br>R | 2013<br>(Previously reported)<br>R |
|---|-------|-----------------------|-------------------------|-----------------------------|------------------------------------|
| <b>REVENUE</b>  |       |                       |                         |                             |                                    |
| Revenue from Non-exchange Transactions                    |       | 163 499 160           | 154 415 233             | (1 504 501)                 | 155 919 734                        |
| Taxation Revenue  |       | 22 792 230            | 21 645 527              | -                           | 21 645 527                         |
| Property taxes  | 23    | 22 792 230            | 21 645 527              | -                           | 21 645 527                         |
| Transfer Revenue  |       | 99 629 979            | 117 172 341             | (403 936)                   | 117 576 277                        |
| Government Grants and Subsidies - Capital                 | 24    | 21 348 285            | 51 170 022              | -                           | 51 170 022                         |
| Government Grants and Subsidies - Operating               | 24    | 77 918 756            | 65 941 227              | (403 936)                   | 66 345 163                         |
| Contributed PPE   |       | 362 938               | 61 092                  | -                           | 61 092                             |
| Other Revenue   |       | 41 076 951            | 15 597 365              | (1 100 565)                 | 16 697 930                         |
| Actuarial Gains   |       | 203 285               | 3 194 043               | -                           | 3 194 043                          |
| Fines   |       | 40 873 666            | 12 403 322              | (1 100 565)                 | 13 503 887                         |
| Revenue from Exchange Transactions                        |       | 95 627 358            | 87 342 047              | 513 591                     | 86 828 456                         |
| Property Rates - penalties imposed and collection charges | 25    | 399 873               | 607 297                 | -                           | 607 297                            |
| Service Charges   |       | 85 099 374            | 78 302 416              | -                           | 78 302 416                         |
| Rental of Facilities and Equipment                        |       | 814 984               | 749 715                 | (822)                       | 750 537                            |
| Interest Earned - external investments                    |       | 1 011 727             | 979 042                 | 65                          | 978 977                            |
| Interest Earned - outstanding debtors                     |       | 1 858 351             | 1 391 595               | -                           | 1 391 595                          |
| Licences and Permits                                      |       | 545 598               | 657 424                 | 147 059                     | 510 365                            |
| Agency Services   |       | 541 057               | 471 592                 | -                           | 471 592                            |
| Other Income  | 26    | 5 356 394             | 4 182 966               | 367 289                     | 3 815 677                          |
| <b>Total Revenue</b>                                      |       | <b>259 126 518</b>    | <b>241 757 280</b>      | <b>(990 910)</b>            | <b>242 748 190</b>                 |
| <b>EXPENDITURE</b>  |       |                       |                         |                             |                                    |
| Employee related costs                                    | 27    | 67 913 859            | 62 334 838              | 1 726 068                   | 60 608 770                         |
| Remuneration of Councillors                               | 28    | 3 893 736             | 3 935 770               | (166 810)                   | 4 102 580                          |
| Debt Impairment   | 29    | 27 217 301            | 8 000 132               | -                           | 8 000 132                          |
| Collection Cost   |       | 652 890               | 677 580                 | -                           | 677 580                            |
| Depreciation and Amortisation                             | 30    | 14 030 083            | 13 316 586              | 31 264                      | 13 285 322                         |
| Impairments   | 31    | 10 994 382            | 11 216                  | 11 216                      | -                                  |
| Repairs and Maintenance                                   | 32    | 17 408 268            | 11 271 299              | 29 733                      | 11 241 566                         |
| Actuarial losses  | 4     | 1 882 459             | 3 106                   | -                           | 3 106                              |
| Finance Charges   | 33    | 4 086 726             | 4 132 089               | (65 355)                    | 4 197 444                          |
| Bulk Purchases  | 34    | 39 066 285            | 36 515 007              | (6 646 662)                 | 43 161 669                         |
| Contracted services                                       | 35    | 11 539 821            | 10 085 746              | 2 390 082                   | 7 695 664                          |
| Grants and Subsidies Paid                                 | 36    | 60 000                | 39 859                  | -                           | 39 859                             |
| Stock Adjustments   | 34    | 7 323 581             | 6 646 662               | 6 646 662                   | -                                  |
| Other Operating Grant Expenditure                         |       | -                     | -                       | (29 358 204)                | 29 358 204                         |
| Loss on disposal of PPE                                   |       | 167 999               | 85 728                  | -                           | 85 728                             |
| General Expenses  | 37    | 47 996 575            | 40 711 023              | 25 379 132                  | 15 331 891                         |
| <b>Total Expenditure</b>                                  |       | <b>254 233 965</b>    | <b>197 766 641</b>      | <b>(22 874)</b>             | <b>197 789 515</b>                 |
| <b>NET SURPLUS FOR THE YEAR</b>                           |       | <b>4 892 553</b>      | <b>43 990 639</b>       | <b>(968 036)</b>            | <b>44 958 675</b>                  |

BEAUFORT WEST LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

|   | Self<br>Insurance<br>Reserve | Housing<br>Development<br>Fund | Capital<br>Replacement<br>Reserve | Accumulated<br>Surplus/<br>(Deficit) | Total |
|---|------------------------------|--------------------------------|-----------------------------------|--------------------------------------|-------|
|   | R                            | R                              | R                                 | R                                    | R     |
| <b>Balance at 1 July 2012</b>           |                              |                                |                                   |                                      |       |
| Correction of error - See Note 38.04    |                              |                                |                                   |                                      |       |
| <b>Restated Balance at 1 July 2012</b>  |                              |                                |                                   |                                      |       |
| Net Surplus/(Deficit) for the year      |                              |                                |                                   |                                      |       |
| Correction of error - See Note 38.01    |                              |                                |                                   |                                      |       |
| Contribution to Insurance Reserve       |                              |                                |                                   |                                      |       |
| Insurance claims processed              |                              |                                |                                   |                                      |       |
| Transfer to CRR                         |                              |                                |                                   |                                      |       |
| Property, Plant and Equipment purchased |                              |                                |                                   |                                      |       |
| Transfer to Housing Development Fund    |                              |                                |                                   |                                      |       |
| Rounding                                |                              |                                |                                   |                                      |       |
| <b>Restated Balance at 1 July 2013</b>  |                              |                                |                                   |                                      |       |
| Net Surplus/(Deficit) for the year      |                              |                                |                                   |                                      |       |
| Transfer to CRR                         |                              |                                |                                   |                                      |       |
| Property, Plant and Equipment purchased |                              |                                |                                   |                                      |       |
| Contribution to Insurance Reserve       |                              |                                |                                   |                                      |       |
| Insurance claims processed              |                              |                                |                                   |                                      |       |
| Transfer to Housing Development Fund    |                              |                                |                                   |                                      |       |
| Rounding                                |                              |                                |                                   |                                      |       |
| <b>Balance at 30 June 2014</b>          |                              |                                |                                   |                                      |       |

BEAUFORT WEST LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

|   | Notes | 2014<br>R           | 2013<br>R           |
|---|-------|---------------------|---------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                  |       |                     |                     |
| <b>Receipts</b>   |       |                     |                     |
| Ratepayers and other  |       | 119 381 830         | 156 746 270         |
| Government  |       | 103 330 957         | 89 245 983          |
| Interest  |       | 2 870 078           | 2 370 637           |
| <b>Payments</b>   |       |                     |                     |
| Suppliers and employees                                     |       | (195 820 048)       | (180 895 592)       |
| Finance charges   | 33    | (4 086 726)         | (4 132 089)         |
| Transfers and Grants  |       | (60 000)            | (39 859)            |
| <b>Net Cash from Operating Activities</b>                   |       | <b>25 616 091</b>   | <b>63 295 350</b>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                  |       |                     |                     |
| Purchase of Property, Plant and Equipment                   |       | (30 263 543)        | (54 135 308)        |
| Proceeds on Disposal of Fixed Assets                        |       | -                   | 113 740             |
| Purchase of Intangible Assets                               |       | (24 809)            | (7 359)             |
| (Increase)/Decrease in Long-term Receivables                |       | (2 055 080)         | (288 384)           |
| <b>Net Cash from Investing Activities</b>                   |       | <b>(32 343 433)</b> | <b>(54 317 311)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                  |       |                     |                     |
| New loans raised  |       | 4 092 471           | 2 357 891           |
| New loans (repaid)  |       | (3 525 696)         | (3 781 193)         |
| Rounding  |       | 24                  | 26                  |
| <b>Net Cash from Financing Activities</b>                   |       | <b>566 799</b>      | <b>(1 423 276)</b>  |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b> |       | <b>(6 160 543)</b>  | <b>7 554 763</b>    |
| Cash and Cash Equivalents at the beginning of the year      |       | 18 097 679          | 10 542 916          |
| Cash and Cash Equivalents at the end of the year            | 40    | 11 937 136          | 18 097 679          |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b> |       | <b>(6 160 543)</b>  | <b>7 554 763</b>    |

**BEAUFORT WEST LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014**  
**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

|                                      | 2014               | 2014               | 2014               |   |
|--------------------------------------|--------------------|--------------------|--------------------|---|
|                                      | R                  | R                  | R                  |   |
|                                      | (Actual)           | (Final Budget)     | (Variance)         |   |
| <b>ASSETS</b>                        |                    |                    |                    |   |
| Current assets                       |                    |                    |                    |   |
| Cash                                 | 12 070             | 12 330             | (260)              |   |
| Call investment deposits             | 9 332 328          | 4 642 893          | 4 689 435          | Additional grants received and CRR contributions                                  |
| Primary bank account                 | 2 592 738          | -                  | 2 592 738          | Additional grants received and CRR contributions                                  |
| Consumer debtors                     | 15 117 728         | 26 524 492         | (11 406 763)       | Fares budgeted under consumer debtors but included under actual other receivables |
| Other Receivables                    | 19 382 681         | 3 477 883          | 16 104 798         | Rates budgeted under consumer debtors but included under actual other receivables |
| Inventory                            | 2 791 450          | 3 209 850          | (418 400)          | Decrease in stock   |
| <b>Total current assets</b>          | <b>49 428 997</b>  | <b>37 867 448</b>  | <b>11 561 549</b>  |   |
| Non current assets                   |                    |                    |                    |   |
| Long-term receivables                | 3 676 587          | 1 621 507          | 2 055 080          |   |
| Investment property                  | 8 647 603          | 9 690 000          | (1 042 397)        | Increase in debtor arrangements   |
| Property, plant and equipment        | 376 304 982        | 385 713 000        | (9 408 018)        |   |
| Intangible Assets                    | 268 770            | 335 000            | (66 230)           | Unspent grants  |
| <b>Total non current assets</b>      | <b>388 897 942</b> | <b>397 359 507</b> | <b>(8 461 565)</b> |   |
| <b>TOTAL ASSETS</b>                  | <b>438 326 939</b> | <b>435 226 955</b> | <b>3 099 984</b>   |   |
| <b>LIABILITIES</b>                   |                    |                    |                    |   |
| Current liabilities                  |                    |                    |                    |   |
| Borrowing                            | 3 476 271          | 3 268 073          | 218 198            |   |
| Consumer deposits                    | 1 138 815          | 1 200 000          | (61 185)           |   |
| Trade and other payables             | 33 909 416         | 19 851 000         | 14 058 416         |   |
| Provisions and Employee Benefits     | 7 509 143          | 9 783 084          | (2 273 941)        | Cash flow problems and increase in payables                                       |
| <b>Total current liabilities</b>     | <b>46 033 645</b>  | <b>34 092 157</b>  | <b>11 941 488</b>  | Calculation error on the budget   |
| Non current liabilities              |                    |                    |                    |   |
| Borrowing                            | 14 602 574         | 12 826 058         | 1 776 516          |   |
| Provisions and Employee Benefits     | 31 558 251         | 33 142 412         | (1 584 161)        | Finance Lease vehicles  |
| <b>Total non current liabilities</b> | <b>46 160 825</b>  | <b>45 968 470</b>  | <b>192 355</b>     | Provision for landfill sites calculation changed                                  |
| <b>TOTAL LIABILITIES</b>             | <b>92 194 471</b>  | <b>80 060 627</b>  | <b>12 133 844</b>  |   |
| <b>NET ASSETS</b>                    | <b>346 132 469</b> | <b>355 166 328</b> | <b>(9 033 859)</b> |   |
| <b>COMMUNITY WEALTH</b>              |                    |                    |                    |   |
| Accumulated Surplus/(Deficit)        | 385 966 019        | 347 142 508        | (11 176 489)       | Net of all reasons  |
| Reserves                             | 10 166 450         | 8 023 787          | 2 142 663          | Additional contribution to CRR  |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b> | <b>346 132 469</b> | <b>355 166 295</b> | <b>(9 033 826)</b> |   |

BEAUFORT WEST LOCAL MUNICIPALITY  
 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
 STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET

|                                      | 2014<br>R<br>(Approved Budget) | 2014<br>R<br>(Adjustments) | 2014<br>R<br>(Final Budget) | Explanations for material adjustments     |
|--------------------------------------|--------------------------------|----------------------------|-----------------------------|---|
| <b>ASSETS</b>                        |                                |                            |                             |   |
| Current assets                       |                                |                            |                             |   |
| Cash                                 | 13 170                         | (840)                      | 12 330                      |   |
| Call investment deposits             | 6 754 000                      | (2 111 107)                | 4 642 893                   | Additional spending on CRR                |
| Consumer debtors                     | 18 771 062                     | 7 753 430                  | 26 524 492                  | Decrease in payment percentage            |
| Other Receivables                    | 4 000 000                      | (522 117)                  | 3 477 883                   |   |
| Inventory                            | 3 209 850                      | -                          | 3 209 850                   |   |
| <b>Total current assets</b>          | <b>32 748 082</b>              | <b>5 119 366</b>           | <b>37 867 448</b>           |   |
| Non current assets                   |                                |                            |                             |   |
| Long-term receivables                | 1 233 123                      | 388 384                    | 1 621 507                   |   |
| Investment property                  | 9 368 931                      | 321 069                    | 9 690 000                   |   |
| Property, plant and equipment        | 388 581 142                    | (2 888 142)                | 385 713 000                 |   |
| Intangible Assets                    | 252 267                        | 82 733                     | 335 000                     |   |
| <b>Total non current assets</b>      | <b>399 435 463</b>             | <b>(2 075 956)</b>         | <b>397 359 507</b>          |   |
| <b>TOTAL ASSETS</b>                  | <b>432 183 545</b>             | <b>3 043 410</b>           | <b>435 226 955</b>          |   |
| <b>LIABILITIES</b>                   |                                |                            |                             |   |
| Current liabilities                  |                                |                            |                             |   |
| Borrowing                            | 3 900 000                      | (641 927)                  | 3 258 073                   |   |
| Consumer deposits                    | 1 200 000                      | -                          | 1 200 000                   |   |
| Trade and other payables             | 21 408 490                     | (1 557 490)                | 19 851 000                  |   |
| Provisions and Employee Benefits     | 4 736 509                      | 5 046 575                  | 9 783 084                   | Post employee benefits and landfill sites |
| <b>Total current liabilities</b>     | <b>31 244 998</b>              | <b>2 847 158</b>           | <b>34 092 157</b>           |   |
| Non current liabilities              |                                |                            |                             |   |
| Borrowing                            | 11 140 937                     | 1 685 121                  | 12 826 058                  |   |
| Provisions and Employee Benefits     | 33 142 412                     | -                          | 33 142 412                  |   |
| <b>Total non current liabilities</b> | <b>44 283 349</b>              | <b>1 685 121</b>           | <b>45 968 470</b>           |   |
| <b>TOTAL LIABILITIES</b>             | <b>75 528 348</b>              | <b>4 532 279</b>           | <b>80 060 627</b>           |   |
| <b>NET ASSETS</b>                    | <b>356 655 197</b>             | <b>(1 488 869)</b>         | <b>355 166 328</b>          |   |
| <b>COMMUNITY WEALTH</b>              |                                |                            |                             |   |
| Accumulated Surplus/(Deficit)        | 349 427 097                    | (2 284 589)                | 347 142 508                 | Net of all reasons                        |
| Reserves                             | 7 228 100                      | 798 687                    | 8 023 787                   | Additional contribution to CRR            |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b> | <b>356 655 197</b>             | <b>(1 488 902)</b>         | <b>355 166 295</b>          |   |

BEAUFORT WEST LOCAL MUNICIPALITY  
 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

|   | 2014<br>R<br>(Actual) | 2014<br>R<br>(Final Budget) | 2014<br>R<br>(Variance) | Explanations for material variances                               |
|---|-----------------------|-----------------------------|-------------------------|---|
| <b>REVENUE BY SOURCE</b>                        |                       |                             |                         |   |
| Property rates                                  | 22 792 230            | 22 815 000                  | (22 770)                | Budget was based on actual for 2012/13 of +R637 000               |
| Property rates - penalties & collection charges | 399 873               | 620 050                     | (220 127)               |   |
| Service charges                                 | 85 096 374            | 86 836 079                  | (7 736 705)             |   |
| Rental of facilities and equipment              | 814 984               | 1 009 014                   | (194 030)               | Less income received during the year.                             |
| Interest earned - external investments          | 1 011 727             | 1 060 000                   | (48 273)                |   |
| Interest earned - outstanding debtors           | 1 858 351             | 1 500 000                   | 358 351                 | Increase in outstanding debtors                                   |
| Fines   | 46 873 665            | 14 042 000                  | 26 831 666              | Fines actual recorded according to lGRAP 1                        |
| Licences and permits                            | 545 598               | 637 800                     | (92 202)                |   |
| Agency services                                 | 541 037               | 510 000                     | 31 057                  |   |
| Government Grants and Subsidies - Operating     | 77 918 756            | 77 571 040                  | 347 716                 | Additional grant received   |
| Other revenue                                   | 5 922 617             | 3 083 977                   | 2 838 640               | Additional grant received (VAT)                                   |
| Gains on disposal of PPE                        | -                     | 1 000                       | (1 000)                 |   |
| <b>Total Operating Revenue</b>                  | <b>237 778 233</b>    | <b>209 685 910</b>          | <b>28 092 323</b>       |   |
| <b>EXPENDITURE BY TYPE</b>                      |                       |                             |                         |   |
| Employee related costs                          | 67 913 859            | 67 216 728                  | 697 131                 | Operating grant expenditure                                       |
| Remuneration of councillors                     | 3 893 736             | 4 169 560                   | (275 824)               | Deputy Mayor not appointed  |
| Debt impairment                                 | 27 217 301            | 2 600 000                   | 24 617 301              | Fines provision contribution according to lGRAP 1                 |
| Depreciation & asset impairment                 | 14 030 083            | 14 215 616                  | (185 533)               |   |
| Finance charges                                 | 4 086 726             | 1 662 194                   | 2 424 532               | Post Retirement Benefits and Landfill sites                       |
| Bulk purchases                                  | 46 389 868            | 49 960 000                  | (3 560 134)             | Less consumption  |
| Other materials                                 | 17 408 268            | 19 239 955                  | (1 831 687)             | Less repaires due to cash flow                                    |
| Contracted services                             | 11 539 821            | 7 048 448                   | 4 491 403               | Security services, Operating grant expenditure                    |
| Grants and subsidies paid                       | 60 000                | -                           | 60 000                  | Budgeted under other expenditure                                  |
| Impairments                                     | 10 894 382            | -                           | 10 894 382              | Asset impairments on land and buildings and investment properties |
| Other expenditure                               | 50 531 924            | 57 775 755                  | (7 243 831)             | Less expenditure due to cash flow                                 |
| Loss on disposal of PPE                         | 167 999               | -                           | 167 999                 |   |
| <b>Total Operating Expenditure</b>              | <b>254 233 965</b>    | <b>223 878 226</b>          | <b>30 355 739</b>       |   |
| <b>Operating Deficit for the year</b>           | <b>(16 455 732)</b>   | <b>(14 192 316)</b>         | <b>(2 263 416)</b>      |   |
| Government Grants and Subsidies - Capital       | 21 348 285            | 29 565 672                  | (8 217 387)             | Underspending with Unspent Conditional Grants at yearend          |
| <b>Net Surplus for the year</b>                 | <b>4 892 553</b>      | <b>15 373 356</b>           | <b>(10 450 803)</b>     |   |

BEAUFORT WEST LOCAL MUNICIPALITY  
 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014  
 ADJUSTMENTS TO APPROVED BUDGET

|   | 2014<br>R<br>(Approved Budget) | 2014<br>R<br>(Adjustments) | 2014<br>R<br>(Final Budget) | Reasons for material adjustments  |
|---|--------------------------------|----------------------------|-----------------------------|---|
| <b>REVENUE BY SOURCE</b>                        |                                |                            |                             |   |
| Property rates                                  | 23 732 030                     | (917 030)                  | 22 815 000                  | Revenue from new valuation tool estimates not realised                            |
| Property rates - penalties & collection charges | 620 000                        | ~                          | 620 000                     |   |
| Service charges                                 | 86 953 664                     | (122 565)                  | 86 836 079                  |   |
| Rental of facilities and equipment              | 959 849                        | 49 165                     | 1 008 014                   |   |
| Interest earned - external investments          | 1 060 000                      | ~                          | 1 060 000                   |   |
| Interest earned - outstanding debtors           | 1 415 000                      | 85 000                     | 1 500 000                   | 6 months actual supported increase in budget                                      |
| Fines   | 12 495 060                     | 1 546 940                  | 14 042 000                  |   |
| Licences and permits                            | 637 900                        | (100)                      | 637 800                     | 6 months actual supported increase in budget                                      |
| Agency services                                 | 460 000                        | 50 000                     | 510 000                     | Additional grants received  |
| Government Grants and Subsidies - Operating     | 68 035 000                     | 9 536 040                  | 77 571 040                  | 6 months actual supported increase in budget and additional grants received (VAT) |
| Other revenue                                   | 1 229 041                      | 1 854 936                  | 3 083 977                   |   |
| Gains on disposal of PPPE                       | 1 000                          | ~                          | 1 000                       |   |
| <b>Total Operating Revenue</b>                  | <b>197 603 544</b>             | <b>12 082 366</b>          | <b>209 685 910</b>          |   |
| <b>EXPENDITURE BY TYPE</b>                      |                                |                            |                             |   |
| Employee related costs                          | 67 177 066                     | 39 662                     | 67 216 728                  |   |
| Remuneration of councillors                     | 4 169 560                      | ~                          | 4 169 560                   |   |
| Debt impairment                                 | 2 600 000                      | ~                          | 2 600 000                   |   |
| Depreciation & asset impairment                 | 14 215 616                     | ~                          | 14 215 616                  |   |
| Finance charges                                 | 1 577 184                      | 85 010                     | 1 662 194                   |   |
| Bulk purchases                                  | 49 950 000                     | ~                          | 49 950 000                  |   |
| Other materials                                 | 15 667 579                     | 3 572 376                  | 19 239 955                  | Additional grant received   |
| Contracted services                             | 7 161 846                      | (113 428)                  | 7 048 418                   |   |
| Other expenditure                               | 47 407 273                     | 10 368 482                 | 57 775 755                  | Additional grant received   |
| <b>Total Operating Expenditure</b>              | <b>209 926 124</b>             | <b>13 952 102</b>          | <b>223 878 226</b>          |   |
| <b>Operating Deficit for the year</b>           | <b>(12 322 580)</b>            | <b>(1 889 736)</b>         | <b>(14 192 316)</b>         |   |
| Government Grants and Subsidies - Capital       | 24 012 000                     | 5 553 672                  | 29 565 672                  | Additional grant received   |
| <b>Net Surplus for the year</b>                 | <b>11 689 420</b>              | <b>3 683 936</b>           | <b>15 373 356</b>           |   |

BEAUFORT WEST LOCAL MUNICIPALITY  
 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
 CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014  
 COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

|  | 2014<br>R<br>(Actual) | 2014<br>R<br>(Final Budget) | 2014<br>R<br>(Variance) | Explanations for material variances                                |
|--|-----------------------|-----------------------------|-------------------------|--|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>             |                       |                             |                         |  |
| Receipts   |                       |                             |                         |  |
| Ratepayers and other                                   | 119 381 830           | 124 903 954                 | (5 522 124)             | Fines actual recorded according to GRAP 1                          |
| Government - operating                                 | 81 982 672            | 72 125 994                  | 9 856 678               | Additional grants received net of operating and capital            |
| Government - capital                                   | 2 348 265             | 28 860 350                  | (7 252 055)             | Additional grants received net of operating and capital            |
| Interest   | 2 870 078             | 1 060 000                   | 1 810 078               | Interest on outstanding debtors                                    |
| Payments   |                       |                             |                         |  |
| Suppliers and Employees                                | (195 820 048)         | (204 670 416)               | 8 850 368               | Vacant posts not filled and increase in creditors due to cash flow |
| Finance charges  | (4 086 726)           | (1 562 194)                 | (2 424 532)             | Post retirement benefits and landfill sites                        |
| Transfers and Grants                                   | (60 000)              | -                           | (60 000)                | Budgeted under other expenditure                                   |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>       | <b>25 616 091</b>     | <b>20 357 688</b>           | <b>5 258 403</b>        |  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>            |                       |                             |                         |  |
| Receipts   |                       |                             |                         |  |
| Decrease/(increase) in non-current receivables         | (2 055 080)           | 701 061                     | (2 756 141)             | Increase in debtor arrangements                                    |
| Payments   | (30 288 352)          | (30 319 410)                | 31 058                  |  |
| Capital assets   | (32 343 433)          | (29 618 349)                | (2 725 084)             |  |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>       | <b>4 092 471</b>      | <b>47 370</b>               | <b>4 092 471</b>        | <b>Finance lease vehicles</b>                                      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>            |                       |                             |                         |  |
| Receipts   |                       |                             |                         |  |
| Borrowing  |                       |                             |                         |  |
| Increases/(decrease) in consumer deposits              | (3 525 896)           | (4 229 165)                 | 703 469                 |  |
| Payments   |                       |                             |                         |  |
| Repayment of borrowing                                 | 566 775               | (4 181 795)                 | 4 748 570               | More finance lease vehicles returned                               |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>       | <b>(6 160 567)</b>    | <b>(13 442 456)</b>         | <b>7 281 889</b>        | <b>Net of all reasons</b>  |
| <b>NET INCREASE/(DECREASE) IN CASH HELD</b>            | <b>18 097 679</b>     | <b>18 097 679</b>           | <b>4 655 223</b>        | <b>7 281 913</b>   |
| Cash and Cash Equivalents at the beginning of the year | 11 337 136            |                             |                         |  |
| Cash and Cash Equivalents at the end of the year       |                       |                             |                         |  |

BEAUFORT WEST LOCAL MUNICIPALITY  
 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
 CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET

|  | 2014<br>R<br>(Approved Budget) | 2014<br>R<br>(Adjustments) | 2014<br>R<br>(Final Budget) | Reasons for material adjustments            |
|--|--------------------------------|----------------------------|-----------------------------|---|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>             |                                |                            |                             |   |
| Receipts   | 125 474 210                    | (570 256)                  | 124 903 954                 |   |
| Ratepayers and other                                   | 67 660 000                     | 4 465 954                  | 72 125 994                  | Additional grants received                  |
| Government - operating                                 | 24 012 000                     | 4 568 350                  | 28 600 650                  | Additional grants received                  |
| Government - capital                                   | 1 660 000                      | -                          | 1 063 800                   |   |
| Interest   |                                |                            |                             |   |
| Payments   | (190 882 034)                  | (13 778 382)               | (204 670 416)               | Cash flow problems and increase in payables |
| Suppliers and Employees                                | (1 577 184)                    | (85 010)                   | (1 662 194)                 |   |
| Finance charges  |                                |                            |                             |   |
| Transfers and Grants                                   |                                | -                          | -                           |   |
| NET CASH FROM/(USED) OPERATING ACTIVITIES              | 25 736 992                     | (5 379 304)                | 20 357 688                  |   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>            |                                |                            |                             |   |
| Receipts   |                                |                            | 701 061                     |   |
| Decrease/(increase) in non-current receivables         |                                | -                          | 701 061                     |   |
| Payments   | (25 021 860)                   | (5 297 550)                | (30 319 410)                | Additional grants received                  |
| Capital assets   |                                | (5 297 550)                | (29 618 349)                |   |
| NET CASH FROM/(USED) INVESTING ACTIVITIES              | (24 320 789)                   |                            |                             |   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>            |                                |                            |                             |   |
| Receipts   | 47 370                         | -                          | 47 370                      |   |
| Increase/(decrease) in consumer deposits               |                                |                            |                             |   |
| Payments   | (4 229 165)                    | -                          | (4 229 165)                 |   |
| Repayment of borrowing                                 |                                |                            |                             |   |
| NET CASH FROM/(USED) FINANCING ACTIVITIES              | (4 181 795)                    |                            |                             | (4 181 795)                                 |
| NET INCREASE/(DECREASE) IN CASH HELD                   | (2 765 602)                    | (10 676 854)               | (13 442 456)                | Net of all reasons                          |
| Cash and Cash Equivalents at the beginning of the year | 9 532 772                      | 8 564 907                  | 18 097 679                  |   |
| Cash and Cash Equivalents at the end of the year       | 6 767 170                      | (2 111 947)                | 4 655 223                   |   |

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

## 1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

### 1.1. BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act no 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet:

| Standard                      | Description   | Effective Date |
|-------------------------------|---|----------------|
| GRAP 5 (Revised Feb 2013)     | Borrowing Costs   | 1 April 2014   |
| GRAP 100 (Revised – Feb 2013) | Discontinued Operations<br>(formerly known as Non-current assets held for Sale and Discontinued Operations) | 1 April 2014   |

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

### 1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

## **BEAUFORT WEST MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

#### **1.3. GOING CONCERN ASSUMPTION**

These financial statements have been prepared on a going concern basis.

#### **1.4. COMPARATIVE INFORMATION**

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

#### **1.5. AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

#### **1.6. MATERIALITY**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

#### **1.7. PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of Comparison of Budget and Actual Amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2013 to 30 June 2014. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

**1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

| <b>Standard</b>                           | <b>Description</b>   | <b>Effective Date</b> |
|---|--|-----------------------|
| <b>GRAP 6<br/>(Revised – Nov 2010)</b>    | <b>Consolidated and Separate Financial Statements</b><br><br>The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity.<br><br>No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated. | <b>Unknown</b>        |
| <b>GRAP 8<br/>(Revised – Nov 2010)</b>    | <b>Interest in Joint Ventures</b><br><br>The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.<br><br>No significant impact is expected as the Municipality is not involved in any joint ventures.  | <b>Unknown</b>        |
| <b>GRAP 18<br/>(Original – Feb 2011)</b>  | <b>Segment Reporting</b><br><br>The objective of this Standard is to establish principles for reporting financial information by segments.<br><br>No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.   | <b>1 April 2015</b>   |
| <b>GRAP 20<br/>(Original – June 2011)</b> | <b>Related Party Disclosure</b><br><br>The objective of this Standard is to ensure that a Municipality's financial statements contains the   | <b>Unknown</b>        |

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

|   |   |                     |
|---|---|---------------------|
|   | <p>disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>  |                     |
| <b>GRAP 32<br/>(Original – Aug 2013)</b>  | <p><b>Service Concession Arrangements: Grantor</b></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>  | <b>Unknown</b>      |
| <b>IGRAP 17</b>                           | <p><b>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</b></p> <p>The objective of this Interpretation of the Standard is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No significant impact is expected as the Municipality does not have any Concession Arrangements at this stage.</p> | <b>Unknown</b>      |
| <b>GRAP 105<br/>(Original – Nov 2010)</b> | <p><b>Transfer of Functions Between Entities Under Common Control</b></p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>   | <b>1 April 2015</b> |
| <b>GRAP 106<br/>(Original – Nov 2010)</b> | <p><b>Transfer of Functions Between Entities Not Under Common Control</b></p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p>  | <b>1 April 2015</b> |

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

|  |  |              |
|--|--|--------------|
|  | No significant impact expected as no such transactions or events are expected in the foreseeable future.   |              |
| <b>GRAP 107</b><br><b>(Original – Nov 2010)</b>  | <p><b>Mergers</b></p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>  | 1 April 2015 |
| <b>GRAP 108</b><br><b>(Original – Sept 2013)</b> | <p><b>Statutory Receivables</b></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>                                  | Unknown      |
| <b>IGRAP 11</b>                                  | <p><b>Consolidation - Special Purpose Entities (SPE)</b></p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>  | Unknown      |
| <b>IGRAP 12</b>                                  | <p><b>Jointly Controlled Entities non-monetary contributions</b></p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p> | Unknown      |

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

## 1.9. RESERVES

### 1.9.1 *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/ to the CRR. The cash in the CRR can only be utilized to finance items of property, plant

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

#### 1.9.2 *Housing Development Fund*

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress, as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

#### 1.9.3 *Self Insurance Reserve*

A Self Insurance Reserve has been established and, subject to external insurance where deemed necessary, covers claims that may occur. Premiums are charged to the respective services taking into account claims history and replacement value of the insured assets.

- Contributions to the fund by Business Units are transferred via the Statement of Changes in Net Assets to the reserve in line with amounts budgeted for in the operating budget. The contributions to the reserve are charged to the Business Units based on the previous year's insured value of the assets under their control.
- The Council determines annually to contribute to the Self Insurance Reserve.
- The total amount of insurance premiums paid to external insurers are regarded as expenses and must be shown as such in the Statement of Financial Performance. These premiums do not affect the Self Insurance Reserve.
- Claims received from external insurers are recognised as revenue in the Statement of Financial Performance.
- Claims received to meet repairs of damages on assets are reflected as income in the Statement of Financial Performance.
- Repair and replacement costs not fully covered by external insurance are financed from the insurance reserve. The repair and replacement cost is regarded as an expense and is reflected in the Statement of Financial Performance. An amount equal to the expense is transferred from the Insurance Reserve to the Accumulated Surplus via the Statement of Changes in Net Assets.
- Amounts paid on behalf of employees in respect of medical costs for injuries sustained whilst on duty are regarded as expenses and are recorded in the Statement of Financial Performance when incurred. An amount equal to these expenses is transferred from the Insurance Reserve to the Accumulated Surplus account via the Statement of Changes in Net Assets.

## 1.10. LEASES

### 1.10.1 *Municipality as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### 1.10.2 *Municipality as Lessor*

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

#### 1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

## **BEAUFORT WEST MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met, an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as an individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

#### **1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

#### **1.13. UNSPENT PUBLIC CONTRIBUTIONS**

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met, an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as an individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

#### **1.14. PROVISIONS**

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

#### 1.15. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

##### 1.15.1 *Post Retirement Medical Obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

of the defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

#### **1.15.2 Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality’s obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

#### **1.15.3 Provision for Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the basic salary of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period’s entitlement is not used in full. All unused leave, limited to 48 days, will be paid out to the specific employee at the end of that employee’s employment term.

Accumulated leave is vesting.

#### **1.15.4 Staff Bonuses Accrued**

Liabilities for staff bonuses are recognised as they accrues to employees. The liability at year end is based on bonus accrued at year-end for each employee.

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### **1.15.5 Provision for Performance Bonuses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

#### **1.15.6 Pension and retirement fund obligations**

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

## **1.16. PROPERTY, PLANT AND EQUIPMENT**

#### **1.16.1 Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

#### 1.16.2 *Subsequent Measurement – Cost Model*

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

#### 1.16.3 *Depreciation and Impairment*

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

|                             | Years  |                        | Years  |
|-----------------------------|--------|------------------------|--------|
| <b>Infrastructure</b>       |        | <b>Other</b>           |        |
| Roads and Paving            | 5-130  | Buildings              | 30-105 |
| Pedestrian Malls            | 10-30  | Specialist vehicles    | 3-70   |
| Electricity                 | 6-130  | Other vehicles         | 3-70   |
| Water                       | 10-130 | Office equipment       | 3-25   |
| Sewerage                    | 10-130 | Furniture and fittings | 2-30   |
| Housing                     | 30     | Watercraft             | 15     |
|                             |        | Bins and containers    | 5      |
|                             |        | Specialised plant and  |        |
| <b>Community</b>            |        | Equipment              | 3-40   |
| Buildings                   | 10-105 | Other plant and        |        |
| Recreational Facilities     | 15-105 | Equipment              | 3-40   |
| Security                    | 30     | Landfill sites         | 10-100 |
| Halls                       | 30-105 | Quarries               | 5-25   |
| Libraries                   | 20-105 | Emergency equipment    | 3-30   |
| Parks and gardens           | 20-105 | Computer equipment     | 3-20   |
| Other assets                | 10-105 |                        |        |
| <b>Finance lease assets</b> |        |                        |        |
| Office equipment            | 3-7    |                        |        |
| Other assets                | 3-7    |                        |        |

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

#### 1.16.4 *De-recognition*

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 1.17. INTANGIBLE ASSETS

#### 1.17.1 *Initial Recognition*

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

#### 1.17.2 *Subsequent Measurement – Cost Model*

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

#### 1.17.3 *Amortisation and Impairment*

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

| Intangible Assets | Years  |
|-------------------|--------|
| Computer Software | 3 - 10 |

#### 1.17.4 *De-recognition*

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## 1.18. INVESTMENT PROPERTY

#### 1.18.1 *Initial Recognition*

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

#### **1.18.2 Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

#### **1.18.3 Depreciation and Impairment – Cost Model**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

| <b><u>Investment Property</u></b> | <b>Years</b> |
|-----------------------------------|--------------|
| Buildings                         | 30           |

#### **1.18.4 De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### **1.19 HERITAGE ASSETS**

#### **1.19.1 Initial Recognition**

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

#### **1.19.2 Subsequent Measurement – Cost Model**

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

#### **1.19.3 Depreciation and Impairment**

Heritage assets are not depreciated.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

#### **1.19.4 De-recognition**

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

## **1.20. NON-CURRENT ASSETS HELD FOR SALE**

#### **1.20.1 Initial Recognition**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

#### **1.20.2 Subsequent Measurement**

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in the Statement of Financial Performance.

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### 1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS

##### 1.21.1 *Cash-generating assets*

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

#### 1.21.2 *Non-cash-generating assets*

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *Depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *Restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *Service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### 1.22. INVENTORIES

##### 1.22.1 *Initial Recognition*

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

##### 1.22.2 *Subsequent Measurement*

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

#### 1.23. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**1.23.1 *Initial Recognition***

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

**1.23.2 *Subsequent Measurement***

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

**1.23.2.1 Receivables**

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate,

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

the discount rate for measuring any impairment loss is the current effective interest rate.

#### 1.23.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

#### 1.23.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

#### 1.23.2.4 Non-Current Investments

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

#### 1.23.3 De-recognition of Financial Instruments

##### 1.23.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### 1.23.3.2 *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

#### 1.23.4 *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

### 1.24. REVENUE

#### 1.24.1 *Revenue from Non-Exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

The Municipality estimates the water and electricity consumption from the last meter readings in June up until 30 June. The estimated consumption usage is based on system average of the year per month divided by 30 days times the amount of days since last reading until 30 June.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

#### 1.24.2 *Revenue from Exchange Transactions*

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 2 to 3 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is regarded as not material and is not disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

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are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### 1.25. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
  - has control or joint control over the Municipality.
  - has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
  - both entities are joint ventures of the same third party.
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
  - the entity is controlled or jointly controlled by a person identified in (a).
  - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

#### 1.26. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.27. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Remuneration of Public Office Bearers Act (Act. No. 20 of 1998), or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.28. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.29. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

#### 1.30. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

##### 1.30.1 *Post retirement medical obligations and Long service awards*

The cost of post retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

##### 1.30.2 *Impairment of Receivables*

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

## **BEAUFORT WEST MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

#### **1.30.3 *Property, Plant and Equipment***

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

#### **1.30.4 *Intangible Assets***

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

- Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

#### **1.30.5 *Investment Property***

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

#### **1.30.6 Provisions and Contingent Liabilities**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

#### **1.30.7 Revenue Recognition**

Accounting Policy 1.24.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.24.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Fine revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes. The Municipality estimates the water and electricity consumption from the last meter readings in June up until 30 June. The estimated consumption usage is based on system average of the year per month divided by 30 days multiplied by the amount of days since the last reading until 30 June. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

#### **1.30.8 Provision for Landfill Sites**

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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#### **1.30.9 Provision for TASK Implementation**

The provision at 30 June for TASK Implementation represents the Municipality's obligation towards qualifying officials as a result of a new national grading system for municipalities which came into effect on 1 October 2009. The calculation was based on the difference between the current basic salary compared to the basic salary as per new TASK grading. The difference between these two packages was backdated to the implementation date of the TASK grading system.

#### **1.30.10 Provision for Staff leave**

Staff leave is accrued to employees according to collective agreements. Provision is made on basic salary for the accrued leave, limited to 48 days, at reporting date. This provision will be realised as employees take leave or when employment is terminated.

#### **1.30.11 Provision for Performance bonuses**

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

#### **1.30.12 Componentisation of Infrastructure assets**

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

#### **1.30.13 Pre-paid electricity estimation**

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 2 to 3 days after date of purchase. The pre-paid electricity sold, but not yet consumed at year-end, is regarded as immaterial and is not disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

### **1.31. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of Value Added Tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

### **1.32. CAPITAL COMMITMENTS**

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### 1.33. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

#### 1.34. BORROWING COSTS

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

#### 1.35. TAXATION

##### 1.35.1 *Current tax assets and liabilities*

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

##### 1.35.2 *Deferred tax assets and liabilities*

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

***BEAUFORT WEST MUNICIPALITY***

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

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**1.35.3 *Tax expenses***

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

|  | 2014<br>R         | 2013<br>R        |
|--|-------------------|------------------|
| <b>2 NET ASSET RESERVES</b>                    |                   |                  |
| RESERVES                                       |                   |                  |
| Capital Replacement Reserve                    | 10 166 450        | 9 752 086        |
| Housing Development Fund                       | 4 849 606         | 4 546 564        |
| Self Insurance Reserve                         | 4 198 159         | 4 170 185        |
|  | 1 118 685         | 1 035 337        |
| <b>Total Net Asset Reserve and Liabilities</b> | <b>10 166 450</b> | <b>9 752 086</b> |

The above balances are represented by cash of R218 612 for the current year and R197 487 (2013) and is invested together with the other investments of the municipality (See Note 22)

|   | 2014<br>R         | 2013<br>R         |
|---|-------------------|-------------------|
| <b>3 LONG TERM LIABILITIES</b>  |                   |                   |
| Annuity Loans - At amortised cost   | 13 544 430        | 15 417 378        |
| Capitalised Lease Liability - At amortised cost   | 4 534 416         | 2 094 697         |
|   | <b>18 078 846</b> | <b>17 512 075</b> |
| <b>Less:</b> Current Portion transferred to Current Liabilities                                 |                   |                   |
| Annuity Loans - At amortised cost   | 3 476 271         | 2 808 681         |
| Capitalised Lease Liability - At amortised cost   | 1 516 227         | 1 877 333         |
|   | <b>1 960 044</b>  | <b>931 348</b>    |
| <b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b> | <b>14 602 574</b> | <b>14 703 394</b> |

Annuity loans at amortised cost is calculated at 6.75%-14.00% interest rate, with last maturity date of 31 July 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.

Finance Lease loans at amortised cost is calculated at 8.50%-20.50% interest rate, with last maturity date of 30 May 2017. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.

|  | 2014<br>R          | 2013<br>R                   |
|--|--------------------|-----------------------------|
| The obligations under annuity loans are scheduled below: |                    |                             |
| Amounts payable under annuity loans:                     |                    | Minimum<br>annuity payments |
| Payable within one year                                  | 2 870 994          | 3 408 253                   |
| Payable within two to five years                         | 8 963 878          | 10 048 582                  |
| Payable after five years                                 | 11 173 707         | 12 951 283                  |
|  | <b>23 008 579</b>  | <b>26 408 117</b>           |
| <b>Less:</b> Future finance obligations                  | <b>(9 464 179)</b> | <b>(10 990 755)</b>         |
| <b>Present value of annuity obligations</b>              | <b>13 544 400</b>  | <b>15 417 362</b>           |

The obligations under finance leases are scheduled below:

|   | 2014<br>R        | 2013<br>R                 |
|---|------------------|---------------------------|
| The obligations under finance leases are scheduled below: |                  |                           |
| Amounts payable under finance leases:                     |                  | Minimum<br>lease payments |
| Payable within one year                                   | 2 269 318        | 1 069 932                 |
| Payable within two to five years                          | 2 729 375        | 1 254 478                 |
| Payable after five years                                  | -                | -                         |
|   | <b>4 998 693</b> | <b>2 324 410</b>          |
| <b>Less:</b> Future finance obligations                   | <b>(464 279)</b> | <b>(229 718)</b>          |
| <b>Present value of lease obligations</b>                 | <b>4 534 414</b> | <b>2 094 692</b>          |

Leases are secured by property, plant and equipment - Note 12

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3

LONG TERM LIABILITIES (CONTINUED)

The capitalised lease liability consist out of the following contracts:

| Supplier  | Description or leased item                 | Effective Interest rate | Annual Escalation | Lease Term | Maturity Date |
|-----------|--|-------------------------|-------------------|------------|---------------|
| Eqstra    | Cz 4548 Toyota Corolla 1.3 Impact          | 11.98%                  | 0%                | 3 Years    | 2013/09/30    |
| Eqstra    | Cz 4557 Toyota Corolla 1.3 Impact          | 11.98%                  | 0%                | 3 Years    | 2013/09/30    |
| Eqstra    | Cz 4560 Toyota Corolla 1.3 Impact          | 12.01%                  | 0%                | 3 Years    | 2013/09/30    |
| Eqstra    | Cz 4561 Toyota Corolla 1.3 Impact          | 12.01%                  | 0%                | 3 Years    | 2013/09/30    |
| Eqstra    | Cz 4554 Toyota Corolla 1.3 Impact          | 12.01%                  | 0%                | 3 Years    | 2013/09/30    |
| Eqstra    | Cz 4741 Toyota Hilux 2.5 D-4d P/u S/c      | 12.09%                  | 0%                | 3 Years    | 2013/09/30    |
| Eqstra    | Cz 4584 Toyota Hilux 2.5 D-4d P/u S/c      | 12.09%                  | 0%                | 3 Years    | 2013/09/30    |
| Eqstra    | Cz 4567 Toyota Hilux 2.5 D-4d P/u S/c      | 12.09%                  | 0%                | 3 Years    | 2013/09/30    |
| Eqstra    | Cz 4577 Toyota Hilux 2.5 D-4d P/u S/c      | 12.04%                  | 0%                | 3 Years    | 2013/09/30    |
| Eqstra    | Cz 4566 Toyota Hilux 2.5 D-4d P/u S/c      | 12.04%                  | 0%                | 3 Years    | 2013/09/30    |
| Eqstra    | Cz 4754 Toyota Hilux 2.5 D-4d P/u S/c      | 11.99%                  | 0%                | 3 Years    | 2013/09/30    |
| Eqstra    | Cz 4746 Toyota Hilux 2.5 D-4d P/u S/c      | 11.99%                  | 0%                | 3 Years    | 2013/09/30    |
| Eqstra    | Cz 4336 Toyota Hilux 2.5 D-4d P/u S/c      | 12.13%                  | 0%                | 3 Years    | 2013/10/31    |
| Eqstra    | Cz 4738 Toyota Hilux 2.5 D-4d P/u S/c      | 12.06%                  | 0%                | 3 Years    | 2013/11/30    |
| Eqstra    | Cz 4730 Toyota Hilux 2.5 D-4d P/u S/c      | 12.06%                  | 0%                | 3 Years    | 2013/11/30    |
| Eqstra    | Cz 6725 Ldv Toyota                         | 9.00%                   | 0%                | 3 Years    | 2014/10/13    |
| Nashua    | mp4001                                     | 9.00%                   | 0%                | 3 Years    | 2014/09/30    |
| Nashua    | mpc5501                                    | 9.00%                   | 0%                | 3 Years    | 2014/08/31    |
| Eqstra    | Cz 8282 Isuzu Kb250d Fleetside A/c P/u S/c | 8.50%                   | 0%                | 3 Years    | 2016/02/28    |
| Eqstra    | Cz 8340 Isuzu Kb250d Fleetside A/c P/u S/c | 8.50%                   | 0%                | 3 Years    | 2016/02/28    |
| Eqstra    | Cz 8341 Isuzu Kb250d Fleetside A/c P/u S/c | 8.50%                   | 0%                | 3 Years    | 2016/02/28    |
| Eqstra    | Cz 8343 Isuzu Kb250d Fleetside A/c P/u S/c | 8.50%                   | 0%                | 3 Years    | 2016/02/28    |
| Eqstra    | Cz 8408 Isuzu Kb250d Fleetside A/c P/u S/c | 8.50%                   | 0%                | 3 Years    | 2016/04/30    |
| Eqstra    | Cz 8410 Isuzu Kb250d Fleetside A/c P/u S/c | 8.50%                   | 0%                | 3 Years    | 2016/04/30    |
| Eqstra    | Cz 8414 Isuzu Kb250d Fleetside A/c P/u S/c | 8.50%                   | 0%                | 3 Years    | 2016/04/30    |
| Eqstra    | Cz 8415 Isuzu Kb250d Fleetside A/c P/u S/c | 8.50%                   | 0%                | 3 Years    | 2016/04/30    |
| Eqstra    | Cz 8418 Isuzu Kb250d Fleetside A/c P/u S/c | 8.50%                   | 0%                | 3 Years    | 2016/04/30    |
| Eqstra    | Cz 8419 Isuzu Kb250d Fleetside A/c P/u S/c | 8.50%                   | 0%                | 3 Years    | 2016/04/30    |
| Eqstra    | Cz 8421 Toyota Yaris Zen3 Acs              | 8.50%                   | 0%                | 3 Years    | 2016/04/30    |
| Eqstra    | Cz 8422 Toyota Yaris Zen3 Acs              | 8.50%                   | 0%                | 3 Years    | 2016/04/30    |
| Panasonic | Machine Photocopy Kyocera Fs1128           | 9.00%                   | 0%                | 5 Years    | 2015/08/30    |
| Panasonic | Machine Photocopy Kyocera Fs 6025          | 9.00%                   | 0%                | 5 Years    | 2016/07/30    |
| Panasonic | Pabx Telephone System                      | 9.00%                   | 15%               | 5 Years    | 2016/03/30    |
| Panasonic | Cctv Camera's                              | 20.50%                  | 0%                | 3 Years    | 2015/09/30    |
| Panasonic | Cctv Camera's                              | 9.00%                   | 15%               | 3 Years    | 2014/07/30    |
| Eqstra    | Cz 2078 Isuzu Kb250d Fleetside A/c P/u S/c | 8.50%                   | 0%                | 3 Years    | 2016/09/30    |
| Eqstra    | Cz 2477 Isuzu Kb250d Fleetside A/c P/u S/c | 8.50%                   | 0%                | 3 Years    | 2016/09/30    |
| Eqstra    | Cz 4155 Isuzu Kb250d Fleetside A/c P/u S/c | 8.50%                   | 0%                | 3 Years    | 2016/09/30    |
| Eqstra    | Cz 8684 Isuzu Kb250d Fleetside A/c P/u S/c | 8.50%                   | 0%                | 3 Years    | 2016/09/30    |
| Eqstra    | Cz 8685 Isuzu Kb250d Fleetside A/c P/u S/c | 8.50%                   | 0%                | 3 Years    | 2016/09/30    |
| Eqstra    | Cz 8686 Isuzu Kb250d Fleetside A/c P/u S/c | 8.50%                   | 0%                | 3 Years    | 2016/09/30    |
| Eqstra    | Cz 8687 Isuzu Kb250d Fleetside A/c P/u S/c | 8.50%                   | 0%                | 3 Years    | 2016/09/30    |
| Eqstra    | Cz 5753 Sedan Toyota Etio's                | 8.50%                   | 0%                | 3 Years    | 2016/09/30    |
| Eqstra    | Cz 5136 Sedan Toyota Etio's                | 8.50%                   | 0%                | 3 Years    | 2016/09/30    |
| Eqstra    | Cz 6192 Sedan Toyota Etio's                | 8.50%                   | 0%                | 3 Years    | 2016/09/30    |
| Eqstra    | Cz 8563 Isuzu Kb250d Fleetside A/c P/u S/c | 8.50%                   | 0%                | 3 Years    | 2016/06/30    |
| Eqstra    | Cz 1096 Isuzu Kb250d Leed Fleetside P/u S  | 8.50%                   | 0%                | 3 Years    | 2016/11/30    |
| Eqstra    | Cz 5366 Isuzu Kb250d Leed Fleetside P/u S  | 8.50%                   | 0%                | 3 Years    | 2016/10/30    |
| Eqstra    | Cz 4898 Isuzu Kb250d Leed Fleetside P/u S  | 8.50%                   | 0%                | 3 Years    | 2016/10/30    |
| Eqstra    | Cz 4296 Isuzu Kb250d Leed Fleetside P/u S  | 8.50%                   | 0%                | 3 Years    | 2016/10/30    |
| Eqstra    | Cz 2295 Isuzu Kb250d Leed Fleetside P/u S  | 8.50%                   | 0%                | 3 Years    | 2016/10/30    |
| Eqstra    | Cz 1461 Isuzu Kb250d Leed Fleetside P/u S  | 8.50%                   | 0%                | 3 Years    | 2016/10/30    |
| Eqstra    | Cz 8728 Sedan Toyota Etio's                | 8.50%                   | 0%                | 3 Years    | 2016/10/30    |
| Eqstra    | Cz 6743 Isuzu Kb250d Leed Fleetside P/u S  | 8.50%                   | 0%                | 3 Years    | 2016/11/30    |
| Wesbak    | Cz 3697 Truck Nissan Ud 90b F/c C/c        | 8.50%                   | 0%                | 3 Years    | 2017/01/30    |
| Ricoh     | machine Photocopy Ricoh Mp2501spf          | 8.50%                   | 0%                | 3 Years    | 2017/03/30    |
| Ricoh     | machine Photocopy Ricoh Mp2501spf          | 8.50%                   | 0%                | 3 Years    | 2017/03/30    |
| Ricoh     | machine Photocopy Ricoh Mp2501spf          | 8.50%                   | 0%                | 3 Years    | 2017/03/30    |
| Ricoh     | machine Photocopy Ricoh Mp2501spf          | 8.50%                   | 0%                | 3 Years    | 2017/03/30    |
| Ricoh     | machine Photocopy Ricoh Mp2501spf          | 8.50%                   | 0%                | 3 Years    | 2017/03/30    |
| Ricoh     | machine Photocopy Ricoh Mp2501spf          | 8.50%                   | 0%                | 3 Years    | 2017/03/30    |
| Ricoh     | machine Photocopy Ricoh Mp2501spf          | 8.50%                   | 0%                | 3 Years    | 2017/03/30    |
| Ricoh     | machine Photocopy Ricoh Mp2501spf          | 8.50%                   | 0%                | 3 Years    | 2017/03/30    |
| Minolta   | machine Photocopy Konica Minolta           | 8.50%                   | 0%                | 3 Years    | 2017/03/30    |
| Minolta   | machine Photocopy Konica Minolta           | 8.50%                   | 0%                | 3 Years    | 2017/03/30    |
| Minolta   | machine Photocopy Konica Minolta           | 8.50%                   | 0%                | 3 Years    | 2017/03/30    |
| Eqstra    | Cz 9005 Isuzu Kb250d Leed Fleetside P/u S  | 9.00%                   | 0%                | 3 Years    | 2017/05/30    |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

|  |                                 | Notes | 2014<br>R         | 2013<br>R         |
|--|---------------------------------|-------|-------------------|-------------------|
| <b>4</b>   | <b>EMPLOYEE BENEFITS</b>        |       |                   |                   |
| Post Retirement Benefits   | 4.1                             |       | 22 683 885        | 19 242 724        |
| Long Service Awards  | 4.2                             |       | 3 167 820         | 3 023 067         |
| Pension Murraysburg  |                                 |       | 30 393            | 29 234            |
| <b>Total Non-current Employee Benefit Liabilities</b>  |                                 |       | <b>25 882 098</b> | <b>22 295 025</b> |
| <b><u>Post Retirement Benefits</u></b>   |                                 |       |                   |                   |
| Balance 1 July   |                                 |       | 19 978 516        | 21 524 707        |
| Contribution for the year  |                                 |       | (803 089)         | (826 186)         |
| Expenditure for the year   |                                 |       | 2 483 291         | 2 474 038         |
| Actuarial Loss/(Gain)  |                                 |       | 1 882 459         | (3 194 043)       |
| <b>Total post retirement benefits 30 June</b>  |                                 |       | <b>23 541 177</b> | <b>19 978 516</b> |
| <u>Less:</u> Transfer of Current Portion   | 7                               |       | (857 292)         | (735 792)         |
| <b>Balance 30 June</b>   |                                 |       | <b>22 683 885</b> | <b>19 242 724</b> |
| <b><u>Long Service Awards</u></b>  |                                 |       |                   |                   |
| Balance 1 July   |                                 |       | 3 478 317         | 3 246 547         |
| Contribution for the year  |                                 |       | (209 774)         | (331 808)         |
| Expenditure for the year   |                                 |       | 503 723           | 560 472           |
| Actuarial Loss/(Gain)  |                                 |       | (203 285)         | 3 106             |
| <b>Total long service 30 June</b>  |                                 |       | <b>3 568 981</b>  | <b>3 478 317</b>  |
| <u>Less:</u> Transfer of Current Portion   | 7                               |       | (401 161)         | (455 250)         |
| <b>Balance 30 June</b>   |                                 |       | <b>3 167 820</b>  | <b>3 023 067</b>  |
| <b><u>Pension Murraysburg</u></b>  |                                 |       |                   |                   |
| Balance 1 July   |                                 |       | 29 234            | 27 924            |
| Expenditure for the year   |                                 |       | 1 159             | 1 310             |
| <b>Balance 30 June</b>   |                                 |       | <b>30 393</b>     | <b>29 234</b>     |
| <b><u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u></b>  |                                 |       |                   |                   |
| Balance 1 July   |                                 |       | 23 486 067        | 24 799 178        |
| Contribution for the year  |                                 |       | (1 012 863)       | (1 157 994)       |
| Expenditure for the year   |                                 |       | 2 988 173         | 3 035 820         |
| Actuarial Loss/(Gain)  |                                 |       | 1 679 174         | (3 190 937)       |
| <b>Total employee benefits 30 June</b>   |                                 |       | <b>27 140 551</b> | <b>23 486 067</b> |
| <u>Less:</u> Transfer of Current Portion   | 7                               |       | (1 258 453)       | (1 191 042)       |
| <b>Balance 30 June</b>   |                                 |       | <b>25 882 098</b> | <b>22 295 025</b> |
| <b>4.1</b>   | <b>Post Retirement Benefits</b> |       |                   |                   |
| The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows: |                                 |       |                   |                   |
| In-service (employee) members  |                                 |       | 57                | 64                |
| In-service (employee) non-members  |                                 |       | 301               | 268               |
| Continuation members (e.g. Retirees, widows, orphans)  |                                 |       | 26                | 23                |
| <b>Total Members</b>   |                                 |       | <b>384</b>        | <b>355</b>        |
|  |                                 |       |                   |                   |
|  |                                 |       | 2014<br>R         | 2013<br>R         |
| The liability in respect of past service has been estimated to be as follows:                            |                                 |       |                   |                   |
| In-service (employees) members   |                                 |       | 8 824 030         | 7 815 266         |
| In-service (employees) non-members   |                                 |       | 2 666 600         | 1 997 976         |
| Continuation (retirees and widows) members   |                                 |       | 12 050 547        | 10 165 274        |
| <b>Total Liability</b>   |                                 |       | <b>23 541 177</b> | <b>19 978 516</b> |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

4 EMPLOYEE BENEFITS (CONTINUED)

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

|  | 2012<br>R         | 2011<br>R         | 2010<br>R         |
|--|-------------------|-------------------|-------------------|
| In-service members                         | 8 183 241         | 7 277 383         | 4 234 313         |
| Continuation members                       | 2 080 071         | 10 306 593        | 8 826 987         |
| Continuation (retirees and widows) members | 11 261 395        | -                 | -                 |
| <b>Total Liability</b>                     | <b>21 524 707</b> | <b>17 583 976</b> | <b>13 061 300</b> |

2014  
Rm 2013  
Rm

Experience adjustments were calculated as follows:

|                            |       |         |
|----------------------------|-------|---------|
| Liabilities: (Gain) / loss | 1.004 | (3.061) |
| Assets: Gain / (loss)      | -     | -       |

Experience adjustments were calculated as follows in respect of periods commencing prior to the comparative year:

|                            | 2012<br>Rm | 2011<br>Rm | 2010<br>Rm |
|----------------------------|------------|------------|------------|
| Liabilities: (Gain) / loss | 1.678      | 1.785      | -          |
| Assets: Gain / (loss)      | -          | -          | -          |

The municipality performed their first actuarial valuation on 30 June 2010. Thus there are no experience adjustment figures available on or before 30 June 2010 to fully comply with GRAP 25.

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

LA Health;  
Samwuned; and  
Keyhealth.

The Municipality's Accrued Unfunded Liability at 30 June 2014 is estimated at R23 541 177. The Current-service Cost for the year ending 30 June 2014 is estimated at R783 017. It is estimated to be R793 176 for the ensuing year.

|                                 | 2014<br>% | 2013<br>% |
|---------------------------------|-----------|-----------|
| Key actuarial assumptions used: |           |           |
| i) Rate of interest             |           |           |
| Discount rate                   | 8.93%     | 8.67%     |
| Health Care Cost Inflation Rate | 8.13%     | 7.60%     |
| Net Effective Discount Rate     | 0.74%     | 1.00%     |

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 63 for males and 58 for females, which then implicitly allows for expected rates of early and ill-health retirement.

|   | 2014<br>R | 2013<br>R |
|---|-----------|-----------|
| The amounts recognised in the Statement of Financial Position are as follows: |           |           |

|                                   |                   |                   |
|-----------------------------------|-------------------|-------------------|
| Present value of fund obligations | 23 541 177        | 19 978 516        |
| <b>Total Liability</b>            | <b>23 541 177</b> | <b>19 978 516</b> |

The fund is wholly unfunded.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| 4   | EMPLOYEE BENEFITS (CONTINUED) | 2014<br>R         | 2013<br>R         |
|---|-------------------------------|-------------------|-------------------|
| <b>Reconciliation of present value of fund obligation:</b>    |                               |                   |                   |
| Present value of fund obligation at the beginning of the year |                               | 19 978 516        | 21 524 707        |
| Total expenses  |                               | 1 680 202         | 1 647 852         |
| Current service cost  |                               | 783 017           | 815 290           |
| Interest Cost   |                               | 1 700 274         | 1 658 748         |
| Benefits Paid   |                               | (803 089)         | (826 186)         |
| Actuarial (gains)/losses                                      |                               | 1 882 459         | (3 194 043)       |
| Present value of fund obligation at the end of the year       |                               | 23 541 177        | 19 978 516        |
| <u>Less:</u> Transfer of Current Portion - Note 7             |                               | (857 292)         | (735 792)         |
| <b>Balance 30 June</b>  |                               | <b>22 683 885</b> | <b>19 242 724</b> |

**Sensitivity Analysis on the Accrued Liability**

| Assumption                  | Change        | In-service members liability (R'000) | Continuation members liability (R'000) | Total liability (R'000) | % change        |
|-----------------------------|---------------|--------------------------------------|--|-------------------------|-----------------|
| <b>Central Assumptions</b>  |               |                                      |  |                         |                 |
| Health care inflation       | 1%            | 13.879                               | 13.405                                 | 27.284                  | 16%             |
| Health care inflation       | -1%           | 9.602                                | 10.893                                 | 20.495                  | -13%            |
| Discount Rate               | 1%            | 9.629                                | 10.910                                 | 20.539                  | -13%            |
| Discount Rate               | -1%           | 13.885                               | 13.408                                 | 27.293                  | 16%             |
| Post-retirement mortality   | -1 year       | 11.900                               | 12.539                                 | 24.439                  | 4%              |
| Average retirement age      | -1 year       | 12.290                               | 12.051                                 | 24.341                  | 3%              |
| Withdrawal Rate             | -50%          | 7.989                                | 12.051                                 | 20.039                  | -15%            |
| <b>Current-service Cost</b> |               |                                      |  |                         |                 |
| <b>Assumption</b>           | <b>Change</b> | <b>Cost (R)</b>                      | <b>Interest Cost (R)</b>               | <b>Total (R)</b>        | <b>% change</b> |
| <b>Central Assumption</b>   |               | 783 000                              | 1 700 300                              | 2 483 300               |                 |
| Health care inflation       | 1%            | 974 600                              | 1 979 100                              | 2 953 700               | 19%             |
| Health care inflation       | -1%           | 634 900                              | 1 473 600                              | 2 108 500               | -15%            |
| Post-retirement mortality   | -1 year       | 809 200                              | 1 764 300                              | 2 573 500               | 4%              |
| Average retirement age      | -1 year       | 841 800                              | 1 765 600                              | 2 607 400               | 5%              |
| Withdrawal Rate             | -50%          | 913 700                              | 1 783 300                              | 2 697 000               | 9%              |

**4.2 Long Service Bonuses**

The Long Service Bonus plans are defined benefit plans. As at year end, 358 employees were eligible for Long Service Bonuses.

The Employer's Unfunded Accrued Liability at 30 June 2014 is estimated at R3 568 981. The Current-service Cost for the year ending 30 June 2014 is estimated at R264 427. It is estimated to be R283 215 for the ensuing year.

| Key actuarial assumptions used:  | 2014<br>% | 2013<br>% |
|--|-----------|-----------|
| <b>i) Rate of interest</b>   |           |           |
| Discount rate  | 7.97%     | 7.35%     |
| General Salary Inflation (long-term)                                       | 7.13%     | 6.80%     |
| Net Effective Discount Rate applied to salary-related Long Service Bonuses | 0.79%     | 0.51%     |

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

4 EMPLOYEE BENEFITS (CONTINUED)

| 2014<br>R | 2013<br>R |
|-----------|-----------|
|-----------|-----------|

The amounts recognised in the Statement of Financial Position are as follows:

|                                   |                  |                  |
|-----------------------------------|------------------|------------------|
| Present value of fund obligations | 3 568 981        | 3 478 317        |
| <b>Net liability/(asset)</b>      | <b>3 568 981</b> | <b>3 478 317</b> |

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

|                                   | 2012<br>R        | 2011<br>R        | 2010<br>R        |
|-----------------------------------|------------------|------------------|------------------|
| Present value of fund obligations | 3 246 547        | 2 902 880        | 1 740 386        |
| <b>Total Liability</b>            | <b>3 246 547</b> | <b>2 902 880</b> | <b>1 740 386</b> |

Experience adjustments were calculated as follows:

|                            | 2014<br>R | 2013<br>R |
|----------------------------|-----------|-----------|
| Liabilities: (Gain) / loss | (124 179) | (110 128) |
| Assets: Gain / (loss)      | -         | -         |

Experience adjustments were calculated as follows in respect of periods commencing prior to the comparative year:

|                            | 2012<br>Rm | 2011<br>Rm | 2010<br>Rm |
|----------------------------|------------|------------|------------|
| Liabilities: (Gain) / loss | (5 747)    | 496 177    | -          |
| Assets: Gain / (loss)      | -          | -          | -          |

The municipality performed their first actuarial valuation on 30 June 2010. Thus there are no experience adjustment figures available on or before 30 June 2010 to fully comply with GRAP 25.

Reconciliation of present value of fund obligation:

|   |                  |                  |
|---|------------------|------------------|
| Present value of fund obligation at the beginning of the year | 3 478 317        | 3 246 547        |
| Total expenses  | 293 949          | 228 664          |
| Current service cost  | 264 427          | 354 221          |
| Interest Cost   | 239 296          | 206 251          |
| Benefits Paid   | (209 774)        | (331 808)        |
| Actuarial (gains)/losses                                      | (203 285)        | 3 106            |
| Present value of fund obligation at the end of the year       | 3 568 981        | 3 478 317        |
| <u>Less:</u> Transfer of Current Portion - Note 7             | (401 161)        | (455 250)        |
| <b>Balance 30 June</b>  | <b>3 167 820</b> | <b>3 023 067</b> |

Sensitivity Analysis on the Unfunded Accrued Liability

| Assumption               | Change | Liability<br>(Rm) | % change |
|--------------------------|--------|-------------------|----------|
| Central assumptions      |        | 3,569             |          |
| General salary inflation | 1%     | 3,814             | 7%       |
| General salary inflation | -1%    | 3,348             | -6%      |
| Discount Rate            | 1%     | 3,338             | -6%      |
| Discount Rate            | -1%    | 3,830             | 7%       |
| Average retirement age   | -2 yrs | 3,093             | -13%     |
| Average retirement age   | 2 yrs  | 4,184             | 17%      |
| Withdrawal rates         | -50%   | 4,207             | 18%      |

4.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi-Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

|                                 | 2014<br>R | 2013<br>R |
|---------------------------------|-----------|-----------|
| 4 EMPLOYEE BENEFITS (CONTINUED) |           |           |

**CAPE RETIREMENT FUND**

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 100.2% (30 June 2012 - 99.9%).

**CAPE JOINT PENSION FUND**

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in an sound financial position with a funding level of 99.70% (30 June 2012 - 99.40%). Whilst this has increased since the previous actuarial valuations it is still within the Registrar's normally acceptable range of at least a 95% funding level, provided that the previous statutory valuation reflected at least a 99.4% funding level.

**SALA PENSION FUND**

The contribution rate payable is 8.60% by members and 20.78% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in an sound financial position with a funding level of 100% (30 June 2012 - 100%). funding level, provided that the previous statutory valuation reflected at least a 100% funding level.

**SAMWU PROVIDENT FUND**

The contribution rate payable is 7.50% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in an sound financial position with a funding level of 100% (30 June 2012 - 100%). funding level, provided that the previous statutory valuation reflected at least a 100% funding level.

|  | 2014<br>R        | 2013<br>R        |
|--|------------------|------------------|
| 5 NON-CURRENT PROVISIONS                       |                  |                  |
| Provision for Rehabilitation of Landfill-sites | 5 676 153        | 5 337 039        |
| <b>Total Non-current Provisions</b>            | <b>5 676 153</b> | <b>5 337 039</b> |

The rehabilitation cost provision is for the rehabilitation of four landfill sites in the Beaufort West region. It is required from the municipality to execute an environmental management program to restore the landfill sites after its useful life. Provision has been made for this cost based on the estimated present value of future cash flows arising from the rehabilitation cost expected as at the estimated decommission dates listed below.

| <u>Landfill Sites</u>                                  | <u>Notes</u>     |                  |
|--|------------------|------------------|
| Balance 1 July   |                  | 5 337 039        |
| Balance previously reported                            |                  | 5 018 072        |
| Correction of Error                                    | 38.05            | 7 064 563        |
| Correction of Error                                    | 38.05            | (7 064 563)      |
|  |                  | 5 018 072        |
| Increase in Estimate                                   |                  | 87 835           |
| Balance previously reported                            |                  | 91 848           |
| Correction of Error                                    | 38.05            | -                |
|  |                  | 91 848           |
| Unwinding of discounted interest                       |                  | 251 280          |
| Balance previously reported                            |                  | 227 119          |
| Correction of Error                                    | 38.05            | 292 474          |
| Correction of Error                                    | 38.05            | (292 474)        |
|  |                  | 227 119          |
| <b>Total provision 30 June</b>                         | <b>5 676 153</b> | <b>5 337 039</b> |
| <u>Less:</u> Transfer of Current Portion to Provisions |                  | -                |
| <b>Balance 30 June</b>                                 | <b>5 676 153</b> | <b>5 337 039</b> |

| <u>Location</u> | <u>Estimated decommission date</u> | <u>Cost of</u>   | <u>Cost of</u>   |
|-----------------|------------------------------------|------------------|------------------|
|                 |                                    | 2014<br>R        | 2013<br>R        |
| Beaufort West   | 2021                               | 2 747 620        | 2 563 060        |
| Murraysburg     | 2024                               | 1 168 235        | 1 108 220        |
| Neispoort       | 2029                               | 999 883          | 943 373          |
| Merweville      | 2021                               | 760 416          | 722 387          |
|                 |                                    | <b>5 676 153</b> | <b>5 337 039</b> |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

5 NON-CURRENT PROVISIONS (CONTINUED)

**Material Assumptions used**

| Area of landfill site consumed | 2012   | 2013   | 2014   |
|--------------------------------|--------|--------|--------|
| Beaufort West                  | 59.08% | 61.17% | 63.05% |
| Muraysburg                     | 65.37% | 66.37% | 67.32% |
| Nelspoort                      | 42.84% | 44.33% | 45.74% |
| Merweville                     | 58.45% | 60.24% | 61.88% |
|                                | 2014   | 2013   |        |
| Discount Rate used             | 4.71%  | 4.53%  |        |

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

6 CONSUMER DEPOSITS

|                                | 2014<br>R        | 2013<br>R        |
|--------------------------------|------------------|------------------|
| Water & Electricity            | 1 138 815        | 1 159 826        |
| <b>Total Consumer Deposits</b> | <b>1 138 815</b> | <b>1 159 826</b> |

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

7 CURRENT EMPLOYEE BENEFITS

|  |                  |                  |
|--|------------------|------------------|
| Current Portion of Post Retirement Benefits - Note 4 | 857 292          | 735 792          |
| Current Portion of Long-Service Provisions - Note 4  | 401 161          | 455 250          |
| Performance Bonuses                                  | 481 518          | 519 411          |
| Bonuses  | 1 753 146        | 1 536 643        |
| Staff Leave  | 4 016 026        | 3 909 245        |
| <b>Total Current Employee Benefits</b>               | <b>7 509 143</b> | <b>7 156 341</b> |

The movement in current employee benefits are reconciled as follows:

**Provision for Performance Bonuses**

|                                 |                |                |
|---------------------------------|----------------|----------------|
| Balance at beginning of year    | 519 411        | 486 961        |
| Contribution to current portion | 321 200        | 444 126        |
| Expenditure incurred            | (359 093)      | (411 676)      |
| Balance at end of year          | <b>481 518</b> | <b>519 411</b> |

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by an executive performance committee.

**Bonuses**

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Balance at beginning of year    | 1 536 643        | 1 726 842        |
| Contribution to current portion | 3 850 618        | 2 770 102        |
| Expenditure incurred            | (3 634 115)      | (2 960 301)      |
| Balance at end of year          | <b>1 753 146</b> | <b>1 536 643</b> |

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year-end represents a portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

**Provision for Staff Leave**

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Balance at beginning of year    | 3 909 245        | 3 250 382        |
| Contribution to current portion | 540 012          | 1 100 689        |
| Expenditure incurred            | (433 231)        | (441 826)        |
| Balance at end of year          | <b>4 016 026</b> | <b>3 909 245</b> |

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

|  | 2014<br>R         | 2013<br>R         |
|--|-------------------|-------------------|
| <b>8 PAYABLES FROM EXCHANGE TRANSACTIONS</b> |                   |                   |
| Trade Payables                               | 20 374 174        | 20 843 901        |
| Deposits: Other                              | 1 153 637         | 1 043 672         |
| Payments received in advance                 | 399 232           | 668 313           |
| Receivable accounts with credit balances     | 2 503 674         | 2 370 144         |
| Pensionfund SALA                             | 2 204 084         | 2 519 084         |
| <b>Total Trade Payables</b>                  | <b>26 634 801</b> | <b>27 445 114</b> |

Payables are not being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts.

All payments are unsecured.

|   | 2014<br>R        | 2013<br>R        |
|---|------------------|------------------|
| <b>9 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b> |                  |                  |
| <b>Unspent Grants</b>                                       |                  |                  |
| National and Provincial Government Grants                   | 7 135 563        | 7 774 144        |
| <b>Less:</b> Unpaid Grants                                  |                  |                  |
| National and Provincial Government Grants                   | 7 135 563        | 7 774 144        |
| <b>Total Conditional Grants and Receipts</b>                | <b>670 378</b>   | <b>912 408</b>   |
|   |                  |                  |
|   | <b>670 378</b>   | <b>912 408</b>   |
|   | <b>6 465 185</b> | <b>6 861 736</b> |

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. Grants amounting to R482 929 were withheld.

**9.01 Equitable share**

|                            |              |              |
|----------------------------|--------------|--------------|
| Grants received            | 35 567 000   | 32 765 000   |
| Conditions met - Operating | (35 567 000) | (32 765 000) |
| Conditions still to be met |              |              |

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the Municipality by the National Treasury.

**9.02 National Grants**

|  |                  |                  |
|--|------------------|------------------|
| Opening balance                            | (686 641)        | 7 730 026        |
| Grants received                            | 18 790 000       | 34 377 674       |
| Interest on investment (Only if condition) | 22 551           | 8 911            |
| Nett Transfers                             | -                | (8 636 001)      |
| Conditions met - Own Income                | (1 425 174)      | (2 338 860)      |
| Conditions met - Operating                 | (8 810 022)      | (12 931 041)     |
| Conditions met - Capital                   | (3 453 353)      | (18 897 351)     |
| Conditions still to be met                 | <b>4 437 361</b> | <b>(686 642)</b> |

National Grants received with conditions to be met.

**9.03 Provincial Grants**

|  |                  |                  |
|--|------------------|------------------|
| Opening balance                            | 7 294 949        | 4 857 015        |
| Grants received                            | 28 164 751       | 32 330 845       |
| Interest on investment (Only if condition) | 223 722          | 254 182          |
| Conditions met - Own Income                | (109 936)        | (155 256)        |
| Conditions met - Operating                 | (32 854 072)     | (18 787 558)     |
| Conditions met - Capital                   | (162 588)        | (11 264 440)     |
| Refund to Donor                            | (482 929)        | -                |
| Conditions still to be met                 | <b>2 073 898</b> | <b>7 234 788</b> |

Provincial Grants received with conditions to be met.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

|   |   | 2014             | 2013             |
|---|---|------------------|------------------|
|   |   | R                | R                |
| <b>9</b>  | <b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b> |                  |                  |
| <b>9.04</b>   | <b>Municipal Infrastructure Grant</b>                     |                  |                  |
| Opening balance   |   | 131 034          |                  |
| Grants received   |   | 20 353 270       | 21 437 001       |
| Nett Transfers  |   | (75 111)         | 1                |
| Conditions met - Own Income   |   | (2 480 878)      | (337 821)        |
| Conditions met - Operating  |   | (230 514)        | (221 979)        |
| Conditions met - Capital  |   | (17 732 344)     | (21 008 234)     |
| Conditions still to be met  |   | <u>(165 576)</u> | <u>2</u>         |
| Municipal Infrastructure Grant received with conditions to be met.            |   |                  |                  |
| <b>9.05</b>   | <b>Local Economic Development</b>                         |                  |                  |
| Opening balance   |   | 31 341           | 29 862           |
| Interest on investment (Only if condition)                                    |   | 1 603            | 1 479            |
| Conditions still to be met  |   | <u>32 944</u>    | <u>31 341</u>    |
| Local Economic Development received with conditions to be met.                |   |                  |                  |
| <b>9.06</b>   | <b>Central Karoo District Municipality Funds</b>          |                  |                  |
| Opening balance   |   | 222 087          | 374 976          |
| Grants received   |   | 318 800          | 521 930          |
| Interest on investment (Only if condition)                                    |   | 318              | 294              |
| Conditions met - Operating  |   | (454 651)        | (675 113)        |
| Conditions still to be met  |   | <u>86 554</u>    | <u>222 087</u>   |
| Central Karoo District Municipality Funds received with conditions to be met. |   |                  |                  |
| <b>9.07</b>   | <b>Public Contributions</b>                               |                  |                  |
| Opening balance   |   | 376 304          |                  |
| Grants received   |   | 137 136          | 578 533          |
| Interest on investment (Only if condition)                                    |   | 4 418            | 10 446           |
| Conditions met - Own Income   |   | -                | (813)            |
| Conditions met - Operating  |   | (2 502)          | (964 470)        |
| Conditions still to be met  |   | <u>139 052</u>   | <u>-</u>         |
| Public Contributions received with conditions to be met.                      |   |                  |                  |
| <b>9.08</b>   | <b>Total Conditional Grants and Receipts</b>              |                  |                  |
| Opening balance   |   | 6 861 736        | 13 499 217       |
| Grants received   |   | 67 763 957       | 89 245 983       |
| Interest on investment (Only if condition)                                    |   | 252 613          | 275 312          |
| Nett Transfers  |   | (75 111)         | (8 636 000)      |
| Conditions met - Own Income   |   | (4 015 989)      | (2 832 750)      |
| Conditions met - Operating  |   | (42 351 760)     | (33 580 161)     |
| Conditions met - Capital  |   | (21 348 285)     | (51 170 025)     |
| Refund to Donor   |   | (482 929)        | -                |
| Conditions still to be met  |   | <u>6 604 234</u> | <u>6 801 576</u> |
| Total Conditional Grants and Receipts received with conditions to be met.     |   |                  |                  |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

**10 UNSPENT PUBLIC CONTRIBUTIONS**

Unspent Public Contribution

139 052

The Unspent Public Contributions are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

**11 TAXES**

VAT

Provision for Debt Impairment of trade receivables from exchange transactions

|                  | 2014             | 2013 |
|------------------|------------------|------|
|                  | R                | R    |
| 162 628          | (49 149)         |      |
| 3 769 386        | 3 514 387        |      |
| <b>3 932 014</b> | <b>3 465 238</b> |      |

VAT is payable on the payments basis. Only once payment is received from debtors is VAT paid over to SARS.

## 12 PROPERTY, PLANT AND EQUIPMENT

## Reconciliation of Carrying Value

|                          | Cost            |            |              |               |             |                 | Accumulated Depreciation |                 |                     |                 |                     |                 | Carrying Value |  |  |
|--------------------------|-----------------|------------|--------------|---------------|-------------|-----------------|--------------------------|-----------------|---------------------|-----------------|---------------------|-----------------|----------------|--|--|
|                          | Opening Balance | Additions  | Transfers in | Transfers out | Disposals   | Closing Balance | Accumulated Impairment   | Opening Balance | Depreciation Charge | Closing Balance | Disposals/Transfers | Closing Balance |                |  |  |
| 30 June 2014             |                 |            |              |               |             |                 |                          |                 |                     |                 |                     |                 |                |  |  |
| Land and Buildings       |                 |            |              |               |             |                 |                          |                 |                     |                 |                     |                 |                |  |  |
| Land                     | 54 142 214      | 1 990      | -            | -             | -           | 54 144 204      | 9 969 996                | 875 040         | 159 442             | -               | 1 034 482           | 43 159 723      |                |  |  |
| Buildings                | 39 915 780      | -          | -            | -             | -           | 39 915 780      | 8 688 520                | 875 040         | -                   | -               | 1 034 482           | 31 217 290      |                |  |  |
| Infrastructure           | 14 226 434      | 1 990      | -            | -             | -           | 14 228 424      | 1 271 479                | 875 040         | 159 442             | -               | -                   | 11 922 453      |                |  |  |
| Stormwater Network       | 328 451 396     | 12 501 130 | 12 563 692   | -             | -           | 353 516 220     | -                        | 45 614 659      | 10 334 113          | -               | 53 948 772          | 298 567 448     |                |  |  |
| Road Network             | 38 638 238      | 1 738 359  | 41 370       | -             | -           | 40 417 987      | -                        | 8 837 612       | 1 505 756           | -               | 8 343 385           | 32 074 599      |                |  |  |
| Sanitation Network       | 113 738 678     | 1 748 032  | 2 328 947    | -             | -           | 117 843 657     | -                        | 16 634 058      | 3 325 640           | -               | 16 969 698          | 98 843 959      |                |  |  |
| Electricity Network      | 51 980 534      | 1 083 607  | 5 867 303    | 3 383 684     | -           | 57 194 323      | -                        | 5 682 776       | 1 614 818           | -               | 6 682 594           | 50 501 730      |                |  |  |
| Water Network            | 66 193 411      | 5 867 303  | 1 983 828    | 2 181 371     | -           | 75 544 598      | -                        | 5 682 722       | 1 721 950           | -               | 7 084 672           | 68 459 926      |                |  |  |
| Waste Network            | 56 638 422      | 1 983 828  | -            | 459 936       | -           | 60 753 622      | -                        | 10 412 459      | 2 105 818           | -               | 12 518 277          | 48 275 345      |                |  |  |
| 1 292 115                | -               | -          | -            | -             | -           | 1 752 053       | -                        | 290 033         | 50 131              | -               | 340 184             | 1 411 889       |                |  |  |
| Community Assets         | 16 275 613      | 844 568    | -            | -             | -           | 16 920 182      | 557 801                  | 1 334 593       | 429 081             | -               | 1 753 654           | 14 558 727      |                |  |  |
| Taxi Rank                | 252 000         | -          | -            | -             | -           | 252 000         | -                        | 15 101          | 2 468               | -               | 17 569              | 234 431         |                |  |  |
| Museum                   | 17 200          | -          | -            | -             | -           | 17 200          | -                        | 1 030           | 168                 | -               | 1 195               | -               | 16 002         |  |  |
| Cemetaries               | 9 704 783       | -          | -            | -             | -           | 9 704 783       | 349 709                  | 850 397         | 280 518             | -               | 1 130 915           | 8 224 159       |                |  |  |
| Community Centrums       | 5 744 152       | 644 569    | -            | -             | -           | 6 388 721       | 186 621                  | 433 880         | 139 910             | -               | 573 780             | 5 628 310       |                |  |  |
| Recreation sites         | 557 477         | -          | -            | -             | -           | 557 477         | 21 470                   | 34 185          | 5 997               | -               | 40 182              | 495 824         |                |  |  |
| Libraries                | 4 457 040       | 4 093 249  | -            | -             | -           | 2 182 407       | 6 387 882                | -               | 2 000 552           | 1 546 485       | (2 182 407)         | 1 365 030       | 5 002 852      |  |  |
| Lease Assets             | 628 150         | 247 737    | -            | (78 107)      | -           | 797 780         | -                        | 250 490         | 108 054             | (2 182 407)     | 260 437             | 517 343         |                |  |  |
| Office Equipment (Lease) | 3 828 890       | 3 845 512  | -            | (2 104 301)   | -           | 5 501 102       | -                        | 1 750 462       | 1 438 431           | (2 104 300)     | 1 054 533           | 4 485 509       |                |  |  |
| Vehicles (Lease)         | 16 798 798      | 821 851    | -            | (561 513)     | -           | 17 059 136      | -                        | 7 060 907       | 1 031 056           | (393 514)       | 7 697 549           | 9 361 567       |                |  |  |
| Other Assets             | 2 382 542       | 197 439    | -            | -             | -           | 2 539 981       | -                        | 1 226 561       | 167 394             | (3 001)         | 1 350 954           | 1 169 027       |                |  |  |
| Computer hardware        | 559 366         | 38 377     | -            | -             | -           | 587 745         | -                        | 332 085         | 29 774              | -               | 361 859             | 235 886         |                |  |  |
| Air conditioners         | 284 184         | 15 479     | -            | -             | -           | 299 643         | -                        | 191 696         | 11 744              | -               | 203 440             | 96 203          |                |  |  |
| Chairs                   | 11 938          | -          | -            | -             | -           | 11 938          | -                        | 9 017           | 325                 | -               | 9 342               | 2 568           |                |  |  |
| Concrete Mixer           | 322 173         | 6 350      | -            | -             | -           | 328 523         | -                        | 202 738         | 12 833              | -               | 215 571             | 112 932         |                |  |  |
| Desks & Tables           | 30 731          | -          | -            | -             | -           | 30 731          | -                        | 23 774          | 849                 | -               | 24 623              | 6 108           |                |  |  |
| Compressors              | 218 751         | -          | -            | -             | -           | 218 751         | -                        | 144 755         | 10 148              | -               | 154 901             | 163 850         |                |  |  |
| Tools                    | 798 059         | 285 972    | -            | -             | -           | 1 064 031       | -                        | 365 496         | 55 936              | -               | 421 422             | 642 609         |                |  |  |
| Electonic Equipment      | 680 004         | 157 820    | -            | -             | -           | 847 824         | -                        | 372 915         | 44 328              | -               | 417 241             | 430 543         |                |  |  |
| Fire Brigade Equipment   | 138 990         | -          | -            | -             | -           | 138 990         | -                        | 23 330          | 6 456               | -               | 29 886              | 109 104         |                |  |  |
| Lawn Equipment           | 250 475         | 10 115     | -            | -             | -           | 300 580         | -                        | 189 973         | 12 595              | -               | 196 588             | 104 022         |                |  |  |
| Trucks/LDV               | 6 438 972       | -          | -            | (475 718)     | -           | 5 963 254       | -                        | 2 822 006       | 389 438             | (399 718)       | 2 241 724           | 3 721 550       |                |  |  |
| Motor Vehicles           | 532 836         | 13 154     | -            | (44 776)      | -           | 501 214         | -                        | 171 239         | 46 752              | (18 776)        | 201 215             | 298 999         |                |  |  |
| Office Equipment         | 557 825         | -          | (21 019)     | -             | -           | 536 806         | -                        | 372 815         | 28 310              | (21 019)        | 389 198             | 156 700         |                |  |  |
| Office Furniture         | 836 276         | 58 015     | -            | -             | -           | 854 291         | -                        | 438 302         | 47 332              | -               | 486 634             | 407 687         |                |  |  |
| Trailers                 | 408 922         | 7 320      | -            | -             | -           | 414 242         | -                        | 266 126         | 16 289              | -               | 283 195             | 131 047         |                |  |  |
| Tracktors                | 1 456 524       | -          | (20 001)     | -             | -           | 1 456 524       | -                        | 264 396         | 87 887              | (13 000)        | 339 483             | 1 057 041       |                |  |  |
| Toolbox                  | 332 788         | 27 526     | -            | -             | -           | 360 314         | -                        | 140 609         | 23 450              | -               | 164 059             | 198 235         |                |  |  |
| Gym Equipment            | 116 803         | -          | -            | -             | -           | 116 803         | -                        | 66 691          | 4 472               | -               | 71 363              | 45 440          |                |  |  |
| Generators               | 187 130         | -          | -            | 187 130       | -           | -               | -                        | 51 446          | 8 277               | -               | 59 723              | 127 407         |                |  |  |
| Radio Equipment          | 225 527         | 24 284     | -            | -             | -           | 249 811         | -                        | 127 747         | 18 493              | -               | 144 240             | 105 571         |                |  |  |
|                          | 420 125 063     | 18 052 789 | 12 563 692   | (2 743 920)   | 448 007 624 | 10 527 800      | 54 885 251               | 13 500 157      | (2 575 921)         | 65 899 487      |                     | 371 670 337     |                |  |  |

## 12 PROPERTY, PLANT AND EQUIPMENT

## Reconciliation of Carrying Value

|                                       | Cost            |             |               |             |                 | Accumulated Depreciation |                 |                     |                     |                 | Carrying Value |            |
|---------------------------------------|-----------------|-------------|---------------|-------------|-----------------|--------------------------|-----------------|---------------------|---------------------|-----------------|----------------|------------|
|                                       | Opening Balance | Additions   | Transfers/WIP | Disposals   | Closing Balance | Accumulated Impairment   | Opening Balance | Depreciation Charge | Disposals/Transfers | Closing Balance | R              | R          |
| 30 June 2013                          |                 |             |               |             |                 |                          |                 |                     |                     |                 | 875 040        | 53 267 174 |
| <b>Land and Buildings</b>             |                 |             |               |             |                 |                          |                 |                     |                     |                 |                |            |
| Land                                  | 54 340 364      | -           | -             | -           | (198 150)       | 54 142 214               | -               | 712 805             | 162 235             | -               |                | 39 915 760 |
| Balance previously reported           | 40 113 930      | -           | -             | (198 150)   | 39 915 780      | -                        | -               | -                   | -                   | -               |                | 35 144 965 |
| Correction of error: Refer note 38.07 | 35 343 105      | -           | -             | (198 150)   | 35 144 965      | -                        | -               | -                   | -                   | -               |                | 4 770 825  |
| Buildings                             | 4 770 825       | -           | -             | 4 770 825   | -               | -                        | -               | -                   | -                   | -               |                |            |
| Balance previously reported           | 14 228 434      | -           | -             | -           | 14 226 434      | -                        | 712 805         | 162 235             | -                   | 875 040         | 13 351 384     |            |
| Correction of error: Refer note 38.07 | 15 511 934      | -           | -             | -           | 15 511 934      | -                        | 777 116         | 174 986             | -                   | 892 071         | 14 559 893     |            |
| (1 285 500)                           | (1 285 500)     | -           | -             | (1 285 500) | (64 310)        | (12 721)                 | (64 310)        | (12 721)            | -                   | (77 031)        | (1 208 489)    |            |
| <b>Infrastructure</b>                 |                 |             |               |             |                 |                          |                 |                     |                     |                 |                |            |
| Stormwater Network                    | 276 574 688     | 51 876 710  | -             | -           | 328 451 398     | -                        | 31 245 326      | 10 388 733          | -                   | 43 614 659      | 284 836 759    |            |
| Road Network                          | 34 914 818      | 3 723 422   | -             | -           | 38 638 238      | -                        | 5 348 275       | 1 489 337           | -                   | 6 837 612       | 31 800 626     |            |
| Sanitation Network                    | 82 266 508      | 31 172 170  | -             | -           | 113 728 678     | -                        | 3 234 270       | 15 634 058          | 98 104 620          |                 |                |            |
| Electricity Network                   | 51 404 217      | 556 317     | -             | -           | 51 950 524      | -                        | 1 653 408       | 5 077 776           | 46 882 759          |                 |                |            |
| Water Network                         | 53 371 181      | 12 822 250  | -             | -           | 66 133 411      | -                        | 3 596 555       | 1 725 867           | 5 382 722           | 60 830 689      |                |            |
| Waste Network                         | 53 659 743      | 2 928 619   | -             | -           | 56 682 422      | -                        | 824 697         | 2 170 762           | 10 412 459          | 46 215 963      |                |            |
| Reuse Network                         | 918 223         | 373 892     | -             | -           | 1 232 115       | -                        | 234 444         | 55 089              | -                   | 290 033         | 1 002 082      |            |
| 19 225 790                            | 209 823         | (3 160 000) | -             | -           | 16 275 613      | -                        | 1 040 843       | 483 106             | (189 356)           | 1 334 533       | 14 941 020     |            |
| <b>Community Assets</b>               |                 |             |               |             |                 |                          |                 |                     |                     |                 |                |            |
| Taxi Rank                             | 252 000         | -           | -             | -           | 252 000         | -                        | 12 607          | 2 494               | -                   | 15 101          | 236 899        |            |
| Museum                                | 3 180 000       | -           | (3 160 000)   | -           | -               | 156 086                  | 31 270          | (189 356)           | -                   | 1 030           | 16 170         |            |
| Cemeteries                            | 17 200          | -           | -             | -           | 17 200          | -                        | 860             | 170                 | -                   | 850 397         | 8 854 386      |            |
| Community Centrums                    | 9 704 783       | -           | -             | -           | 9 704 783       | -                        | 554 246         | 298 161             | -                   |                 |                |            |
| Balance previously reported           | 9 686 383       | -           | -             | -           | 9 686 383       | -                        | 553 326         | 295 967             | -                   | 849 293         | 8 857 080      |            |
| Correction of error: Refer note 38.07 | 18 400          | -           | -             | -           | 18 400          | -                        | 920             | 184                 | -                   | 1 104           | 17 296         |            |
| Recreation sites                      | 5 534 329       | 209 823     | -             | -           | 5 744 152       | -                        | 286 955         | 146 924             | -                   | 433 880         | 5 310 273      |            |
| Balance previously reported           | 6 642 829       | 209 823     | -             | -           | 6 852 652       | -                        | 342 441         | 157 776             | -                   | 500 217         | 6 352 455      |            |
| Correction of error: Refer note 38.07 | (1 108 500)     | -           | -             | (1 108 500) | (55 486)        | (10 832)                 | (10 832)        | (10 832)            | -                   | (66 337)        | (1 042 163)    |            |
| Libraries                             | 567 477         | -           | -             | -           | 557 477         | -                        | 28 068          | 6 087               | -                   | 34 185          | 523 282        |            |
| <b>Lease Assets</b>                   |                 |             |               |             |                 |                          |                 |                     |                     |                 |                |            |
| Office Equipment (Lease)              | 4 652 316       | 1 883 024   | -             | (2 078 300) | 4 457 040       | -                        | 3 078 020       | 1 000 232           | (2 078 300)         | 2 000 982       | 2 458 088      |            |
| Vehicles (Lease)                      | 339 187         | 288 063     | -             | (2 078 300) | 628 150         | -                        | 938 696         | 108 195             | (2 078 300)         | 250 490         | 377 660        |            |
| 4 313 129                             | 1 594 051       | -           | (2 078 300)   | 3 828 880   | -               | 938 696                  | 892 067         | (2 078 300)         | 1 780 462           | 2 078 428       |                |            |
| <b>Other Assets</b>                   |                 |             |               |             |                 |                          |                 |                     |                     |                 |                |            |
| Computer hardware                     | 16 578 118      | 226 343     | -             | (6 163)     | 16 798 786      | -                        | 6 298 068       | 765 785             | (4 844)             | 7 080 087       | 9 738 791      |            |
| Air Conditioners                      | 2 260 103       | 107 439     | -             | (5 000)     | 2 362 642       | -                        | 1 067 401       | 162 889             | (3 729)             | 1 226 561       | 1135 981       |            |
| Chairs                                | 559 368         | -           | -             | -           | 559 368         | -                        | 297 963         | 34 122              | -                   | 332 085         | 227 233        |            |
| Concrete Mixer                        | 282 062         | 2 162       | -             | -           | 284 184         | -                        | 180 147         | 11 549              | -                   | 191 696         | 92 488         |            |
| Desks & Tables                        | 11 938          | -           | -             | -           | 11 938          | -                        | 8 652           | 9 017               | -                   | 9 017           | 2 921          |            |
| 319 287                               | 2 896           | -           | -             | -           | 322 173         | -                        | 188 784         | 13 964              | -                   | 202 738         | 119 435        |            |
| 30 731                                | -               | -           | -             | -           | 30 731          | -                        | 22 803          | 971                 | -                   | 23 774          | 6 987          |            |
| 218 751                               | -               | -           | -             | -           | 218 751         | -                        | 33 912          | 10 843              | -                   | 44 755          | 173 988        |            |
| 764 167                               | 33 892          | -           | -             | -           | 788 059         | -                        | 316 511         | 48 975              | -                   | 385 486         | 432 573        |            |
| 650 818                               | 40 349          | -           | (1 163)       | -           | 680 004         | -                        | 339 441         | 36 688              | (1 115)             | 372 915         | 317 089        |            |
| 138 990                               | -               | -           | -             | -           | 138 990         | -                        | 16 506          | 6 924               | -                   | 23 450          | 115 660        |            |
| 290 475                               | -               | -           | -             | -           | 290 475         | -                        | 171 325         | 12 648              | -                   | 183 973         | 106 502        |            |
| 6 438 972                             | -               | -           | -             | -           | 6 438 972       | -                        | 1 960 981       | 201 025             | -                   | 2 182 006       | 4 256 986      |            |
| 532 636                               | -               | -           | -             | -           | 532 636         | -                        | 154 065         | 17 174              | -                   | 171 239         | 361 697        |            |
| 547 396                               | 10 429          | -           | -             | -           | 557 825         | -                        | 345 646         | 27 189              | -                   | 372 815         | 185 010        |            |
| 618 990                               | 17 286          | -           | -             | -           | 636 276         | -                        | 392 517         | 48 795              | -                   | 439 302         | 396 974        |            |
| 436 922                               | -               | -           | -             | -           | 406 922         | -                        | 248 255         | 18 671              | -                   | 266 926         | 139 986        |            |
| 1 456 524                             | -               | -           | -             | -           | 1 456 524       | -                        | 332 758         | 62 213              | -                   | 264 596         | 191 928        |            |
| 332 798                               | -               | -           | -             | -           | 332 798         | -                        | 113 761         | 26 848              | -                   | 140 609         | 192 179        |            |
| 116 803                               | -               | -           | -             | -           | 116 803         | -                        | 61 905          | 4 986               | -                   | 66 881          | 49 812         |            |
| 187 136                               | -               | -           | -             | -           | 187 136         | -                        | 187 130         | 42 568              | -                   | 51 446          | 135 634        |            |
| 213 127                               | 12 400          | -           | -             | -           | 226 527         | -                        | 113 642         | 14 105              | -                   | 127 747         | 97 780         |            |
| 371 371 276                           | 54 96 400       | (3 160 000) | (2 282 613)   | 420 125 063 | -               | 44 377 662               | 12 780 090      | (2 272 500)         |                     | 54 885 251      | 365 239 811    |            |

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

|  | 2014<br>R         | 2013<br>R |
|--|-------------------|-----------|
| <b>12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)</b>  |                   |           |
| <b>Carrying value of assets retired from active use and held for disposal:</b>                       |                   |           |
| Cost   | -                 | -         |
| Land and Buildings   | -                 | -         |
| Accumulated depreciation   | -                 | -         |
| Land and Buildings   | -                 | -         |
| Carrying value   | -                 | -         |
| <b>Impairment of property plant and equipment</b>  |                   |           |
| Impairment charges on Property, plant and equipment recognised in statement of financial performance |                   |           |
| Land and Buildings   | 9 969 999         | -         |
| Community Assets   | 557 801           | -         |
|  | <u>10 527 800</u> | <u>-</u>  |

The effect of a change in accounting estimate will have on the current period and subsequent periods:

|  | 2014<br>R      | 2015<br>R      | 2016<br>R      |
|--|----------------|----------------|----------------|
| <b>Effect on Property, plant and equipment</b> | <u>378 502</u> | <u>378 502</u> | <u>324 486</u> |

Assessment of impairment of assets was performed on other assets.

**Details of property plant and equipment carried at fair value**

No property, plant and equipment are carried at fair value.

|   | 2014<br>R        | 2013<br>R        |
|---|------------------|------------------|
| <b>13 INVESTMENT PROPERTY</b>                                   |                  |                  |
| <b>Net Carrying amount at 1 July</b>                            | 9 380 540        | 9 646 894        |
| Cost  | 11 222 424       | 11 222 424       |
| Balance previously reported                                     | -                | 11 609 924       |
| Correction of error. Refer to note                              | -                | (387 500)        |
| Accumulated Depreciation  | (1 841 884)      | (1 575 530)      |
| Balance previously reported                                     | -                | (1 640 184)      |
| Correction of error. Refer to note                              | -                | 64 654           |
| Accumulated Impairment  | (466 582)        | -                |
| Depreciation for the year                                       | (266 355)        | (266 354)        |
| Balance previously reported                                     | -                | -                |
| Correction of error. Refer to note                              | -                | -                |
| <b>Net Carrying amount at 30 June</b>                           | <u>8 647 603</u> | <u>9 380 540</u> |
| Cost  | 10 755 842       | 11 222 424       |
| Accumulated Depreciation  | (2 108 239)      | (1 841 884)      |
| Revenue derived from the rental of investment property:         |                  |                  |
| Sanlam Building   | 191 374          | 192 446          |
| Operating expenditure incurred on properties generating revenue | <u>25 642</u>    | <u>10 539</u>    |

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The cost model in terms of GRAP 16 is being applied on Investment Property.

Cost at implementation of GRAP 16 and fair value was determined by valuation roll of 1 July 2009.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

|           |   | 2014<br>R                     | 2013<br>R             |
|-----------|---|-------------------------------|-----------------------|
| <b>14</b> | <b>INTANGIBLE ASSETS</b>  |                               |                       |
|           | <b>Computer System &amp; Software</b>   |                               |                       |
|           | Net Carrying amount at 1 July   | 334 581                       | 433 721               |
|           | Cost  | 1 049 204                     | 1 041 845             |
|           | Accumulated Amortisation  | (714 623)                     | (608 124)             |
|           | Acquisitions  | 24 809                        | 7 359                 |
|           | Amortisation for the year   | (90 620)                      | (106 499)             |
|           | Net Carrying amount at 30 June  | 268 770                       | 334 581               |
|           | Cost  | 1 074 013                     | 1 049 204             |
|           | Accumulated Amortisation  | (805 243)                     | (714 623)             |
|           | The following material intangible assets are included in the carrying value above |                               |                       |
|           |   | <u>Remaining Amortisation</u> | <u>Carrying Value</u> |
|           | <u>Description</u>  | <u>Period</u>                 | 2014<br>R             |
|           | Sebeta System   | 3                             | 238 943               |
|           | No intangible asset were assessed as having an indefinite useful life.            |                               |                       |
|           | There are no intangible assets whose title is restricted.                         |                               |                       |
|           | There are no intangible assets pledged as security for liabilities                |                               |                       |
| <b>15</b> | <b>CAPITALISED RESTORATION COST</b>   | 2014<br>R                     | 2013<br>R             |
|           |   | Notes                         |                       |
|           | Net Carrying amount at 1 July   |                               | 1 744 746             |
|           | Cost  |                               | 2 565 251             |
|           | Balance previously reported   |                               | 2 473 403             |
|           | Correction of Error   |                               | 2 505 396             |
|           | Correction of Error   |                               | (2 505 396)           |
|           | Accumulated Depreciation  |                               | 2 473 403             |
|           | Balance previously reported   |                               | (558 028)             |
|           | Correction of Error   |                               | (1 088 885)           |
|           | Correction of Error   |                               | 1 088 885             |
|           | Accumulated Impairments   |                               | (558 028)             |
|           | Balance previously reported   |                               | (87 617)              |
|           | Correction of Error   |                               | (71 295)              |
|           | Correction of Error   |                               | 71 295                |
|           | Additions   |                               | (87 617)              |
|           | Balance previously reported   |                               | 87 835                |
|           | Correction of Error   |                               | 91 848                |
|           | Depreciation for the year   |                               | -                     |
|           | Balance previously reported   |                               | (172 960)             |
|           | Correction of Error   |                               | (163 644)             |
|           | Correction of Error   |                               | (77 719)              |
|           | Impairment - Note   |                               | 77 719                |
|           | Balance previously reported   |                               | (163 644)             |
|           | Correction of Error   |                               | 4 371                 |
|           | Correction of Error   |                               | (11 216)              |
|           | Net Carrying amount at 30 June  |                               | 1 664 002             |
|           | Cost  |                               | 2 653 085             |
|           | Accumulated Depreciation  |                               | (894 623)             |
|           | Accumulated Impairments   |                               | (94 461)              |
|           |   |                               | 2 565 251             |
|           |   |                               | (721 672)             |
|           |   |                               | (98 833)              |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

|           |   | 2014<br>R               | 2013<br>R               |
|-----------|---|-------------------------|-------------------------|
| <b>16</b> | <b>HERITAGE ASSETS</b>  |                         |                         |
|           | Net Carrying amount at 1 July   | 2 970 644               | -                       |
|           | Transfers from Property, Plant and equipment  | -                       | 2 970 644               |
|           | Net Carrying amount at 30 June  | <u>2 970 644</u>        | <u>2 970 644</u>        |
|           |   |                         |                         |
|           | The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in May 2010. The municipality identified its heritage assets during the current period but did not measure all its heritage assets. The municipality is currently in the process of measuring its heritage assets in terms of GRAP 103 and it is expected that this process will be completed for inclusion in the 2015 financial statements. |                         |                         |
| <b>17</b> | <b>LONG-TERM RECEIVABLES</b>  |                         |                         |
|           | Housing Loans   | 510 743                 | 554 859                 |
|           | Receivables with arrangements   | 4 387 459               | 3 400 933               |
|           | <u>Less:</u> Current portion transferred to Trade and other receivables from exchange transactions  | <u>(1 221 615)</u>      | <u>(2 334 285)</u>      |
|           |   | 3 676 587               | 1 621 507               |
|           | <u>Less:</u> Provision for Debt Impairment  | <u>-</u>                | <u>-</u>                |
|           | <b>Total Long Term Receivables</b>  | <b><u>3 676 587</u></b> | <b><u>1 621 507</u></b> |
|           |   |                         |                         |
|           | <b>ARRANGEMENTS</b>   |                         |                         |
|           | Municipal account holders can make arrangements with the Municipality, agreeing to pay the outstanding accounts over a predetermined period at a fixed monthly instalment. When a monthly instalment is not paid, the account is transferred back to Trade receivables where it will be included in the calculation of Provision for Impairment.  |                         |                         |
|           |   |                         |                         |
|           | <b>HOUSING LOANS</b>  |                         |                         |
|           | The outstanding amount relates to prior years and is still collectable. General public were entitled to housing loans which attract interest at 13,5% per annum and which are repayable over a maximum period of 30 years. These loans are repayable in the year 2026.  |                         |                         |
| <b>18</b> | <b>INVENTORY</b>  |                         |                         |
|           | Consumable Stores - Stationery and materials - At cost  | 2 734 031               | 3 101 494               |
|           | Water – at cost   | 57 419                  | 64 409                  |
|           | <b>Total Inventory</b>  | <b><u>2 791 450</u></b> | <b><u>3 165 903</u></b> |
|           |   |                         |                         |
|           | Consumable stores materials written down due to losses as identified during the annual stores counts.   | 413                     | 26 064                  |
|           | Consumable stores materials surpluses identified during the annual stores counts.   | <u>4 263</u>            | <u>35 078</u>           |
|           |   |                         |                         |
|           | No inventory assets were pledged as security for liabilities.   |                         |                         |
| <b>19</b> | <b>TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>   |                         |                         |
|           | <b>Service Receivables</b>  |                         |                         |
|           | Water   | 4 032 531               | 2 904 579               |
|           | Electricity   | 6 703 596               | 5 392 199               |
|           | Housing Rentals   | 96 734                  | 107 275                 |
|           | Refuse  | 6 215 193               | 4 963 549               |
|           | Sewerage  | 8 915 638               | 6 458 247               |
|           | <b>Total Service Receivables</b>  | <b>25 963 692</b>       | <b>19 825 849</b>       |
|           | <u>Less:</u> Provision for Debt Impairment  | <u>(17 395 674)</u>     | <u>(13 283 318)</u>     |
|           | <b>Net Service Receivables</b>  | <b><u>8 568 018</u></b> | <b><u>6 542 531</u></b> |
|           |   |                         |                         |
|           | <b>Other Receivables</b>  |                         |                         |
|           | Other Arrears   | 19 847 609              | 22 886 315              |
|           | <b>Total Other Receivables</b>  | <b>19 847 609</b>       | <b>22 886 315</b>       |
|           | <u>Less:</u> Provision for Debt Impairment  | <u>(13 297 898)</u>     | <u>(15 333 831)</u>     |
|           | <b>Net Other Receivables</b>  | <b><u>6 549 711</u></b> | <b><u>7 552 484</u></b> |
|           |   |                         |                         |
|           | <b>Total Net Receivables from Exchange Transactions</b>   | <b>15 117 729</b>       | <b>14 095 015</b>       |

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

|   |  | 2014              | 2013              |
|---|--|-------------------|-------------------|
|   |  | R                 | R                 |
| 19  | TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED) |                   |                   |
| <b>Ageing of Receivables from Exchange Transactions</b>     |  |                   |                   |
|   | <i>(Electricity): Ageing</i>                             |                   |                   |
| Current (0 - 30 days)                                       |  | 4 354 590         | 3 625 373         |
| 31 - 60 Days  |  | 384 762           | 161 078           |
| 61 - 90 Days  |  | 216 579           | 47 729            |
| + 90 Days   |  | 1 747 665         | 1 558 019         |
| <b>Total</b>  |  | <b>6 703 596</b>  | <b>5 392 199</b>  |
|   | <i>(Water): Ageing</i>                                   |                   |                   |
| Current (0 - 30 days)                                       |  | 925 824           | 954 256           |
| 31 - 60 Days  |  | 254 843           | 178 572           |
| 61 - 90 Days  |  | 285 400           | 136 832           |
| + 90 Days   |  | 2 566 464         | 1 634 919         |
| <b>Total</b>  |  | <b>4 032 531</b>  | <b>2 904 579</b>  |
|   | <i>(Refuse): Ageing</i>                                  |                   |                   |
| Current (0 - 30 days)                                       |  | 514 107           | 458 552           |
| 31 - 60 Days  |  | 248 405           | 185 925           |
| 61 - 90 Days  |  | 227 053           | 171 262           |
| + 90 Days   |  | 5 225 628         | 4 147 810         |
| <b>Total</b>  |  | <b>6 215 193</b>  | <b>4 963 549</b>  |
|   | <i>(Sewerage): Ageing</i>                                |                   |                   |
| Current (0 - 30 days)                                       |  | 955 895           | 835 803           |
| 31 - 60 Days  |  | 365 817           | 271 585           |
| 61 - 90 Days  |  | 330 109           | 245 584           |
| + 90 Days   |  | 7 263 817         | 5 105 275         |
| <b>Total</b>  |  | <b>8 915 638</b>  | <b>6 458 247</b>  |
|   | <i>(Housing Rentals Debtors): Ageing</i>                 |                   |                   |
| Current (0 - 30 days)                                       |  | 5 819             | 5 864             |
| 31 - 60 Days  |  | 2 615             | 1 393             |
| 61 - 90 Days  |  | 1 960             | 1 393             |
| + 90 Days   |  | 86 340            | 98 625            |
| <b>Total</b>  |  | <b>96 734</b>     | <b>107 275</b>    |
|   | <i>(Other Debtors): Ageing</i>                           |                   |                   |
| Current (0 - 30 days)                                       |  | 1 093 898         | 555 590           |
| 31 - 60 Days  |  | 630 250           | 196 836           |
| 61 - 90 Days  |  | 326 270           | 147 306           |
| + 90 Days   |  | 17 797 191        | 21 986 583        |
| <b>Total</b>  |  | <b>19 847 609</b> | <b>22 886 315</b> |
| 20  | OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS         |                   |                   |
|   |  | 2014              | 2013              |
|   |  | R                 | R                 |
|   | <i>Service Receivables</i>                               |                   |                   |
| Taxes - Rates   |  | 5 724 720         | 6 418 938         |
| Other Receivables   |  | 38 046 557        | 6 761 311         |
| <b>Total Service Receivables</b>                            |  | <b>43 771 277</b> | <b>13 180 249</b> |
| Less: Provision for Debt Impairment                         |  | (28 800 995)      | (4 300 688)       |
| <b>Total Net Receivables from Non-Exchange Transactions</b> |  | <b>14 970 281</b> | <b>8 879 561</b>  |
| <b>Ageing of Receivables from Non-Exchange Transactions</b> |  |                   |                   |
|   | <i>(Rates): Ageing</i>                                   |                   |                   |
| Current (0 - 30 days)                                       |  | 1 194 606         | 1 046 177         |
| 31 - 60 Days  |  | 328 898           | 1 465 551         |
| 61 - 90 Days  |  | 310 669           | 164 699           |
| + 90 Days   |  | 3 890 547         | 3 742 511         |
| <b>Total</b>  |  | <b>5 724 720</b>  | <b>6 418 938</b>  |

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

| 20 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED) | 2014<br>R   | 2013<br>R                                  |   |                    |
|---|---|--|---|--------------------|
| <b><u>(Other Receivables): Ageing</u></b>                       |   |  |   |                    |
| Current (0 - 30 days)   | -   | -  |   |                    |
| 31 - 60 Days  | -   | -  |   |                    |
| 61 - 90 Days  | -   | -  |   |                    |
| + 90 Days   | -   | -  |   |                    |
| <b>Total</b>  | <b>38 046 557</b>   | <b>6 761 311</b>                           |   |                    |
| <b><u>Summary of Receivables by Customer Classification</u></b> | <b>Residential,<br/>Industrial &amp;<br/>Commercial<br/>R</b> | <b>Other Debtors<br/>R</b>                 | <b>National and<br/>Provincial<br/>Government<br/>R</b> | <b>Total<br/>R</b> |
| <b>2014</b>   |   |  |   |                    |
| Total Receivables   | 88 256 451  | -  | 1 326 127   | 89 582 578         |
| Less: Provision for doubtful debts                              | (59 494 567)  | -  | -   | (59 494 567)       |
| <b>Total Recoverable debtors by customer classification</b>     | <b>28 761 884</b>   | <b>-</b>                                   | <b>1 326 127</b>  | <b>30 088 011</b>  |
| <b><u>Summary of Receivables by Customer Classification</u></b> | <b>Residential,<br/>Industrial &amp;<br/>Commercial<br/>R</b> | <b>Other Debtors<br/>R</b>                 | <b>National and<br/>Provincial<br/>Government<br/>R</b> | <b>Total<br/>R</b> |
| <b>2013</b>   |   |  |   |                    |
| Total Receivables   | 55 339 378  | -  | 553 035   | 55 892 413         |
| Less: Provision for doubtful debts                              | (32 917 837)  | -  | -   | (32 917 837)       |
| <b>Total Recoverable debtors by customer classification</b>     | <b>22 421 541</b>   | <b>-</b>                                   | <b>553 035</b>  | <b>22 974 576</b>  |
| <b><u>Trade and other receivables impaired</u></b>              |   |  |   |                    |
| <b>2014</b>   |   |  |   |                    |
|   | <b>Exchange<br/>Transactions<br/>R</b>                        | <b>Non-Exchange<br/>Transactions<br/>R</b> | <b>Total<br/>R</b>                                      |                    |
| <b>Total</b>  | <b>(30 693 572)</b>   | <b>(28 800 995)</b>                        | <b>(59 494 567)</b>                                     |                    |
| <b>2013</b>   |   |  |   |                    |
|   | <b>Exchange<br/>Transactions<br/>R</b>                        | <b>Non-Exchange<br/>Transactions<br/>R</b> | <b>Total<br/>R</b>                                      |                    |
| <b>Total</b>  | <b>(28 617 149)</b>   | <b>(4 300 688)</b>                         | <b>(32 917 837)</b>                                     |                    |

Debts on rates are required to be settled after 30 days, interest is charged after this date at prime +1%.  
The fair value of trade and other receivables approximates their carrying amounts.

| <b><u>Reconciliation of the Total Provision for Debt Impairment</u></b> | 2014<br>R         | 2013<br>R         |
|---|-------------------|-------------------|
| Balance at beginning of the year  | 32 917 840        | 32 285 048        |
| Contributions to provision  | 27 217 301        | 8 000 132         |
| VAT Contributions to provision  | 254 999           | 83 450            |
| Additional interest/corrections transferred to/from provision           | 15 131            | 11 189            |
| Doubtful debts written off against provision                            | (910 704)         | (7 461 979)       |
| <b>Balance at end of year</b>   | <b>59 494 567</b> | <b>32 917 840</b> |

In determining the recoverability of a trade receivable, the Municipality considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

|  |                                     | 2014<br>R                | 2013<br>R                |
|--|-------------------------------------|--------------------------|--------------------------|
| <b>21</b>  | <b>OPERATING LEASE ARRANGEMENTS</b> |                          |                          |
| <b>21.1</b>  | <b>The Municipality as Lessee</b>   |                          |                          |
| Balance on 1 July  |                                     | -                        | 547                      |
| Operating Lease Liability for the current year   |                                     | -                        | (547)                    |
| <b>Balance on 30 June</b>  |                                     | <u><u>-</u></u>          | <u><u>-</u></u>          |
| Beaufort West Municipality is leasing land from Transnet Limited for periods of 60 months with escalations of 9% per year.   |                                     |                          |                          |
| At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:       |                                     |                          |                          |
| Up to 1 Year   |                                     | -                        | 3 600                    |
| 1 to 5 Years   |                                     | -                        | -                        |
| More than 5 Years  |                                     | -                        | -                        |
| <b>Total Operating Lease Arrangements</b>  |                                     | <u><u>-</u></u>          | <u><u>3 600</u></u>      |
| <b>21.2</b>  | <b>The Municipality as Lessor</b>   | <b>Notes</b>             |                          |
| Balance on 1 July  |                                     | 11 821                   | 11 535                   |
| Operating Lease Asset for the current year   |                                     | (1 813)                  | 286                      |
| Balance Previously Reported  |                                     | 1 108                    |                          |
| Correction of error  | 38.02                               | (822)                    |                          |
| <b>Balance on 30 June</b>  |                                     | <u><u>10 008</u></u>     | <u><u>11 821</u></u>     |
| Beaufort West Municipality is leasing land to rate payers for periods of 36 to 119 months with escalations of 10% per year.  |                                     |                          |                          |
| At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:        |                                     |                          |                          |
| Up to 1 Year   |                                     | 243 900                  | 285 020                  |
| 1 to 5 Years   |                                     | 326 317                  | 199 460                  |
| More than 5 Years  |                                     | 158 386                  | 160 184                  |
| <b>Total Operating Lease Arrangements</b>  |                                     | <u><u>728 603</u></u>    | <u><u>644 664</u></u>    |
| This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income. |                                     |                          |                          |
| The leases are in respect of land being leased out for a period until 2109   |                                     |                          |                          |
| <b>22</b>  | <b>CASH AND CASH EQUIVALENTS</b>    |                          |                          |
| <b>Assets</b>  |                                     | 2014<br>R                | 2013<br>R                |
| Call Investments Deposits  |                                     | 9 332 328                | 16 811 803               |
| Primary Bank Account   |                                     | 2 592 738                | 1 273 546                |
| Cash Floats  |                                     | 12 070                   | 12 330                   |
| <b>Total Cash and Cash Equivalents - Assets</b>  |                                     | <u><u>11 937 136</u></u> | <u><u>18 097 679</u></u> |
| <b>Liabilities</b>   |                                     | 2014<br>R                | 2013<br>R                |
| Primary Bank Account   |                                     | -                        | -                        |
| <b>Total Cash and Cash Equivalents - Liabilities</b>   |                                     | <u><u>-</u></u>          | <u><u>-</u></u>          |

Call Investments Deposits to an amount of R7 287 526 are held to fund the Unspent Conditional Grants (2013: R7 774 144).

Bank overdraft of R5 000 000 exists at ABSA Bank and the Municipality has a fuel overdraft facility of R 400 000 at ABSA Bank.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

|  |  | 2014<br>R            | 2013<br>R            |
|--|--|----------------------|----------------------|
| 22   | <b>CASH AND CASH EQUIVALENTS (CONTINUED)</b>                               |                      |                      |
| The municipality has the following bank account: |  |                      |                      |
| <b><u>Current Account</u></b>                    |  |                      |                      |
|  | <i>Beaufort West ABSA - Account Number 40 5053 8936 (Primary Account):</i> |                      |                      |
|  | Cash book balance at beginning of year                                     | 1 273 546            | (3 660 114)          |
|  | Cash book balance at end of year   | <u>1 273 546</u>     | <u>1 273 546</u>     |
|  | Bank statement balance at beginning of year                                | 2 925 478            | 575 400              |
|  | Bank statement balance at end of year                                      | <u>2 151 835</u>     | <u>2 925 478</u>     |
| <b><u>Call Investment Deposits</u></b>           |  |                      |                      |
|  | Call investment deposits consist out of the following accounts:            |                      |                      |
|  | Investec   | 2 743 193            | 6 374 013            |
|  | ABSA   | 2 786 780            | 7 165 527            |
|  | Standard Bank  | 334 603              | 1 739 356            |
|  | Nedbank  | 3 467 757            | 1 532 927            |
|  |  | <u>9 332 333</u>     | <u>16 811 823</u>    |
| 23   | <b>PROPERTY RATES</b>  |                      |                      |
| <b><u>Actual</u></b>                             |  |                      |                      |
|  | <b>Rateable Land and Buildings</b>   | 25 229 135           | 23 829 866           |
|  | Residential, Commercial Property, State                                    | <u>25 229 135</u>    | <u>23 829 866</u>    |
|  | <b>Less: Rebates</b>   | (2 436 905)          | (2 184 339)          |
|  | <b>Total Assessment Rates</b>  | <u>22 792 230</u>    | <u>21 645 527</u>    |
| <b><u>Valuations on 30 June 2014:</u></b>        |  |                      |                      |
|  |  | 2014<br>R            | 2013<br>R            |
|  | Residential  | 1 081 471 237        | 1 398 636 326        |
|  | Commercial   | 253 591 100          | 226 933 830          |
|  | Governments  | 72 862 150           | 45 086 885           |
|  | Schools  | 43 501 100           | 42 109 100           |
|  | PSI  | 40 976 097           | 51 599 626           |
|  | Non profitable   | 80 774 570           | -                    |
|  | Exemptions (Municipal)   | 207 958 061          | -                    |
|  | Agricultural   | 1 686 056 802        | 1 074 924 181        |
|  | Vacant Erven   | 55 000               | 437 270              |
|  | Building Clause  | 9 429 728            | 9 429 728            |
|  | <b>Total Property Valuations</b>   | <u>3 476 675 845</u> | <u>2 849 156 946</u> |

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013. Rebates were granted on land with buildings used solely for dwellings purposes as follows: Residential - The first R19 000 on the valuation is exempted.

Rates are levied monthly and payable by the 12th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| 24 | GOVERNMENT GRANTS AND SUBSIDIES   | 2014<br>R         | 2013<br>R          |
|----|---|-------------------|--------------------|
|    | <b>Unconditional Grants</b>   |                   |                    |
|    | Equitable Share - Refer to Note 24.1  | 35 567 000        | 32 765 000         |
|    | <b>Conditional Grants</b>   |                   |                    |
|    | Municipal Infrastructure Grant  | 35 567 000        | 32 765 000         |
|    | Finance Management Grant  | 63 700 041        | 84 346 249         |
|    | Department of Water Affairs and Forestry                                      | 17 732 343        | 21 008 234         |
|    | Department of Mineral and Energy  | 1 549 058         | 1 322 133          |
|    | Municipal System Improvement Grant  | -                 | 185 687            |
|    | Public Transport Infrastructure Program (PTIP)                                | 8 737 286         | 21 195 621         |
|    | Provincial Administration Western Cape (PAWC)                                 | 857 071           | 800 000            |
|    | Development Bank of South Africa  | 13 482            | -                  |
|    | Neighbourhood Development Programme (NDP)                                     | 32 701 524        | 29 269 457         |
|    | Donations and Public Contributions  | -                 | 371 889            |
|    | Disaster Fund   | 230 514           | 221 979            |
|    | Job Creation  | 2 502             | 588 667            |
|    | Expendited Public Works Program National (EPWP)                               | -                 | 3 912              |
|    | Neighbourhood Development Program Capital (NDP)                               | 454 650           | 511 973            |
|    | Regional Bulk Infrastructure Grant : Capital (RBIG)                           | 1 093 379         | 1 473 752          |
|    | Community Development Workers   | -                 | 6 291 602          |
|    | <b>Total Government Grants and Subsidies</b>                                  | <b>99 267 041</b> | <b>117 111 249</b> |
|    | Government Grants and Subsidies - Capital                                     | 21 348 285        | 51 170 025         |
|    | Government Grants and Subsidies - Operating                                   | 77 918 756        | 65 941 227         |
|    | <b>Revenue recognised per vote as required by Section 123 (c) of the MFMA</b> | <b>99 267 041</b> | <b>117 111 252</b> |
|    | Executive & Council   | 22 192 164        | 34 204 774         |
|    | Budget & Treasury   | 4 646 728         | 1 604 358          |
|    | Planning & Development  | 290 514           | 232 044            |
|    | Community & Social Services   | 3 675 040         | 3 819 179          |
|    | Housing   | 28 790 936        | 15 239 051         |
|    | Sport & Recreation  | 844 212           | 209 823            |
|    | Waste Management  | 750 567           | 618 390            |
|    | Waste Water Management  | 6 388 541         | 7 279 641          |
|    | Road Transport  | 7 540 295         | 27 694 309         |
|    | Water   | 9 088 167         | 4 201 779          |
|    | Electricity   | 15 059 877        | 22 007 901         |
|    | <b>Total</b>  | <b>99 267 041</b> | <b>117 111 249</b> |

The municipality does not expect any significant changes to the level of grants.

24.1 **Equitable share**

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.

All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services for the geographical area concerned

See Appendix D & note 9 for a reconciliation of all grants.

25 **SERVICE CHARGES**

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| Electricity                     | 56 620 589        | 51 717 984        |
| Service Charges - Electricity   | 59 505 650        | 54 382 735        |
| <u>Less:</u> Rebates            | (2 885 061)       | (2 664 751)       |
| Water                           | 12 149 823        | 11 493 073        |
| Service Charges - Water         | 19 048 372        | 18 676 995        |
| <u>Less:</u> Rebates            | (6 898 549)       | (7 183 922)       |
| Refuse removal                  | 5 598 121         | 5 205 292         |
| Service Charges - Refuse        | 6 307 318         | 5 714 134         |
| <u>Less:</u> Rebates            | (709 197)         | (508 842)         |
| Sewerage and Sanitation Charges | 10 730 841        | 9 886 067         |
| Service Charges - Sewerage      | 12 889 262        | 11 718 247        |
| <u>Less:</u> Rebates            | (2 158 421)       | (1 832 180)       |
| <b>Total Service Charges</b>    | <b>85 099 374</b> | <b>78 302 416</b> |

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

|  |                               | 2014<br>R         | 2013<br>R         |
|--|-------------------------------|-------------------|-------------------|
| <b>26</b>  | <b>OTHER REVENUE</b>          |                   |                   |
| Insurance excess revenue   |                               | 141 022           | 174 390           |
| VAT portion of Grants that the Municipality may recognize as own income  |                               | 3 848 605         | 2 676 617         |
| Selling of burial sites  |                               | 188 432           | 167 439           |
| Subsidies  |                               | 23 377            | 51 621            |
| Fees: swimming pool  |                               | 82 209            | 143 155           |
| Commission on insurances   |                               | 93 091            | 82 762            |
| Re-connections   |                               | 61 309            | 57 870            |
| Building plans   |                               | 95 591            | 67 516            |
| Sale of land   |                               | 199 338           | 20 798            |
| Reversal: Impairment   |                               | 4 371             | -                 |
| Other income represents sundry income such as administration income, sale of sand and photocopies.   |                               | 639 049           | 740 798           |
| <b>Total Other Income</b>  |                               | <b>5 356 394</b>  | <b>4 182 966</b>  |
| <b>27</b>  | <b>EMPLOYEE RELATED COSTS</b> |                   |                   |
| Standby Allowances   |                               | 1 176 001         | 773 927           |
| Housing Subsidy  |                               | 246 105           | 252 182           |
| Bonus  |                               | 3 850 621         | 3 214 232         |
| Essential Users  |                               | 1 180 179         | 885 175           |
| Overtime   |                               | 3 268 436         | 2 319 076         |
| Long Service Awards  |                               | 12 000            | 12 000            |
| Salaries   |                               | 43 560 747        | 39 263 307        |
| Acting Allowance   |                               | 2 189 981         | 1 144 989         |
| Uniform Allowance  |                               | 57 120            | 43 227            |
| Leave Reserve Fund   |                               | 540 012           | 1 100 925         |
| Transport Allowance  |                               | 404 675           | 472 192           |
| Group Insurance  |                               | 54 618            | 57 246            |
| Medical Aid Contribution   |                               | 1 177 668         | 1 120 023         |
| Provident Fund SAMWU   |                               | 623 397           | 630 923           |
| Pension Fund Contribution  |                               | 6 003 064         | 8 019 042         |
| Occupational Health/Safety   |                               | 61 555            | 101 591           |
| Unemployment Fund  |                               | 415 452           | 361 741           |
| Long Service Bonus   |                               | 264 427           | 354 221           |
| Post Retirement Medical  |                               | 780 485           | 815 290           |
| MIG PMU  |                               | 36 251            | 43 836            |
| Expanded Public Works Programme  |                               | 1 340 068         | 1 105 195         |
| Housing  |                               | 670 997           | 244 498           |
| <b>Total Employee Related Costs</b>  |                               | <b>67 913 859</b> | <b>62 334 838</b> |
| <b>KEY MANAGEMENT PERSONNEL</b>  |                               |                   |                   |
| Director Community Services, Municipal Manager are appointed on 5-year fixed contracts and the Director Finance and Director Corporate Services were vacant at 30 June 2014. There are no post-employment or termination benefits payable to them at the end of the contract period. |                               |                   |                   |
| <b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>  |                               |                   |                   |
| <i>Remuneration of the Municipal Manager: J Booysen</i>  |                               |                   |                   |
| Annual Remuneration  |                               | 818 150           | 773 369           |
| Performance Bonuses  |                               | 109 409           | 102 221           |
| Car Allowance  |                               | 120 000           | 119 850           |
| Contributions, Medical and Pension Funds   |                               | 87 232            | 112 918           |
| Function Committee Allowance   |                               | 2 625             | 2 675             |
| <b>Total</b>   |                               | <b>1 137 416</b>  | <b>1 111 032</b>  |
| <i>Remuneration of the Director Financial Services: D Louw (Till 31 August 2012)</i>   |                               |                   |                   |
| Annual Remuneration  |                               | -                 | 91 582            |
| Performance Bonuses  |                               | -                 | 59 474            |
| Car Allowance  |                               | -                 | 17 771            |
| Contributions, Medical and Pension Funds   |                               | -                 | 22 604            |
| Leave pay-out  |                               | -                 | 34 305            |
| Telephone  |                               | -                 | 1 000             |
| <b>Total</b>   |                               | <b>-</b>          | <b>226 736</b>    |
| <i>Remuneration of the Director Electrical Services: RE van Staden</i>   |                               |                   |                   |
| Annual Remuneration  |                               | 553 908           | 520 208           |
| Performance Bonuses  |                               | 75 562            | 70 597            |
| Car Allowance  |                               | 72 000            | 72 000            |
| Contributions, Medical and Pension Funds   |                               | 108 012           | 93 012            |
| Leave pay-out  |                               | -                 | 112 826           |
| Acting Allowance   |                               | 35 950            | 47 892            |
| <b>Total</b>   |                               | <b>845 432</b>    | <b>916 535</b>    |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

|    |   | 2014             | 2013           |
|----|---|------------------|----------------|
|    |   | R                | R              |
| 27 | EMPLOYEE RELATED COSTS (CONTINUED)                                    |                  |                |
|    | <i>Remuneration of the Director Community Services: AC Makendlana</i> |                  |                |
|    | Annual Remuneration   | 661 200          | 683 701        |
|    | Performance Bonuses   | 63 656           | 59 474         |
|    | Car Allowance   | 60 000           | 60 000         |
|    | Contributions, Medical and Pension Funds                              | 128 928          | 53 382         |
|    | Acting Allowance  | 227 995          | 10 224         |
|    | Telephone   | 6 000            | 6 000          |
|    | <b>Total</b>  | <b>1 147 779</b> | <b>872 781</b> |
|    | <i>Remuneration of the Director Engineering Services: JCL Smit</i>    |                  |                |
|    | Annual Remuneration   | 595 401          | 559 473        |
|    | Performance Bonuses   | 80 667           | 75 367         |
|    | Car Allowance   | 72 000           | 72 000         |
|    | Contributions, Medical and Pension Funds                              | 116 103          | 100 037        |
|    | Acting Allowance  | 1 858            | -              |
|    | <b>Total</b>  | <b>866 029</b>   | <b>806 877</b> |
|    | <i>Remuneration of the Director Corporate Services: NE Mfundisi</i>   |                  |                |
|    | Annual Remuneration   | 152 405          | 428 060        |
|    | Performance Bonuses   | 29 798           | 44 544         |
|    | Car Allowance   | 24 000           | 71 892         |
|    | Contributions, Medical and Pension Funds                              | 52 981           | 93 544         |
|    | Acting Allowance  | 6 987            | 13 802         |
|    | Leave pay-out   | 22 861           | -              |
|    | <b>Total</b>  | <b>289 032</b>   | <b>651 842</b> |
| 28 | REMUNERATION OF COUNCILLORS   |                  |                |
|    | <i>Remuneration of Councillor: H.T. Prince</i>                        |                  |                |
|    | Annual Remuneration   | 382 012          | 389 863        |
|    | Telephone Allowance   | 20 868           | 19 872         |
|    | Travelling  | 158 670          | 134 990        |
|    | Tools of trade  | 3 600            | 3 600          |
|    | Pension   | 56 421           | 55 604         |
|    | Medical   | 37 850           | 24 022         |
|    | <b>Total</b>  | <b>659 421</b>   | <b>627 951</b> |
|    | <i>Remuneration of Councillor: S.M. Motsoane</i>                      |                  |                |
|    | Annual Remuneration   | 332 519          | 315 726        |
|    | Telephone Allowance   | 20 868           | 19 872         |
|    | Travelling  | 126 936          | 120 892        |
|    | Tools of trade  | 3 600            | 3 600          |
|    | Pension   | 48 291           | 46 950         |
|    | <b>Total</b>  | <b>532 214</b>   | <b>507 040</b> |
|    | <i>Remuneration of Councillor: G.P. Adolph</i>                        |                  |                |
|    | Annual Remuneration   | 357 009          | 340 009        |
|    | Telephone Allowance   | 20 868           | 19 872         |
|    | Travelling  | 119 003          | 113 336        |
|    | Tools of trade  | 3 600            | 3 600          |
|    | <b>Total</b>  | <b>500 480</b>   | <b>476 817</b> |
|    | <i>Remuneration of Councillor: J. Bostander</i>                       |                  |                |
|    | Annual Remuneration   | 124 696          | 118 396        |
|    | Telephone Allowance   | 20 868           | 12 396         |
|    | Travelling  | 47 601           | 45 335         |
|    | Tools of trade  | 3 600            | 3 600          |
|    | Pension   | 18 109           | 17 607         |
|    | <b>Total</b>  | <b>214 874</b>   | <b>197 334</b> |
|    | <i>Remuneration of Councillor: M. Furmen</i>                          |                  |                |
|    | Annual Remuneration   | 190 405          | 181 338        |
|    | Telephone Allowance   | 20 868           | 12 396         |
|    | Tools of trade  | 3 600            | 3 600          |
|    | <b>Total</b>  | <b>214 873</b>   | <b>197 334</b> |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

|                     |   | 2014           | 2013           |
|---------------------|---|----------------|----------------|
|                     |   | R              | R              |
| 28                  | REMUNERATION OF COUNCILLORS (CONTINUED)           |                |                |
|                     | <i>Remuneration of Councillor: G. De Vos</i>      |                |                |
| Annual Remuneration |   | 142 804        | 136 003        |
| Telephone Allowance |   | 20 868         | 12 396         |
| Travelling          |   | 47 601         | 45 335         |
| Tools of trade      |   | 3 600          | 3 600          |
| <b>Total</b>        |   | <b>214 873</b> | <b>197 334</b> |
|                     | <i>Remuneration of Councillor: P.A. Jacobs</i>    |                |                |
| Annual Remuneration |   | 55 584         | 315 728        |
| Telephone Allowance |   | 3 478          | 19 872         |
| Travelling          |   | 21 156         | 120 876        |
| Tools of trade      |   | 600            | 3 600          |
| Pension             |   | 7 884          | 46 950         |
| <b>Total</b>        |   | <b>88 702</b>  | <b>507 026</b> |
|                     | <i>Remuneration of Councillor: A.M. Slabbert</i>  |                |                |
| Annual Remuneration |   | 142 804        | 142 142        |
| Telephone Allowance |   | 20 868         | 12 396         |
| Travelling          |   | 47 601         | 47 382         |
| Tools of trade      |   | 3 600          | 3 600          |
| <b>Total</b>        |   | <b>214 873</b> | <b>205 520</b> |
|                     | <i>Remuneration of Councillor: D.E. Welgemoed</i> |                |                |
| Annual Remuneration |   | 124 695        | 124 802        |
| Telephone Allowance |   | 20 868         | 12 396         |
| Travelling          |   | 47 601         | 47 382         |
| Tools of trade      |   | 3 600          | 3 600          |
| Pension             |   | 18 109         | 17 340         |
| <b>Total</b>        |   | <b>214 873</b> | <b>205 520</b> |
|                     | <i>Remuneration of Councillor: A.D. Willemsen</i> |                |                |
| Annual Remuneration |   | 142 804        | 142 142        |
| Telephone Allowance |   | 20 868         | 12 396         |
| Travelling          |   | 47 601         | 47 382         |
| Tools of trade      |   | 3 600          | 3 600          |
| <b>Total</b>        |   | <b>214 873</b> | <b>205 520</b> |
|                     | <i>Remuneration of Councillor: G.T. Murray</i>    |                |                |
| Annual Remuneration |   | 190 405        | 189 524        |
| Telephone Allowance |   | 20 868         | 12 396         |
| Tools of trade      |   | 3 600          | 3 600          |
| <b>Total</b>        |   | <b>214 873</b> | <b>205 520</b> |
|                     | <i>Remuneration of Councillor: R. vd Linde</i>    |                |                |
| Annual Remuneration |   | 142 804        | 142 142        |
| Telephone Allowance |   | 20 868         | 12 396         |
| Travelling          |   | 47 601         | 47 382         |
| Tools of trade      |   | 3 600          | 3 600          |
| <b>Total</b>        |   | <b>214 873</b> | <b>205 520</b> |
|                     | <i>Remuneration of Councillor: L. Deyce</i>       |                |                |
| Annual Remuneration |   | 166 260        | 157 864        |
| Telephone Allowance |   | 20 868         | 12 396         |
| Tools of trade      |   | 3 600          | 3 600          |
| Pension             |   | 24 145         | 23 474         |
| <b>Total</b>        |   | <b>214 873</b> | <b>197 334</b> |
|                     | <i>Remuneration of Councillor: E.A.J. Beyers</i>  |                |                |
| Annual Remuneration |   | 138 468        | -              |
| Telephone Allowance |   | 17 390         | -              |
| Tools of trade      |   | 3 000          | -              |
| Pension             |   | 20 203         | -              |
| <b>Total</b>        |   | <b>179 061</b> | <b>-</b>       |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

|    |  | 2014<br>R         | 2013<br>R         |
|----|--|-------------------|-------------------|
| 28 | REMUNERATION OF COUNCILLORS (CONTINUED)  |                   |                   |
|    | <i>Total Remuneration of Councillors</i>   |                   |                   |
|    | Annual Remuneration  | 2 633 267         | 2 695 679         |
|    | Telephone Allowance  | 271 283           | 191 052           |
|    | Travelling   | 711 371           | 770 292           |
|    | Tools of trade   | 46 800            | 46 800            |
|    | Pension  | 193 163           | 207 925           |
|    | Medical  | 37 850            | 24 022            |
|    | <b>Total</b>   | <b>3 893 734</b>  | <b>3 935 770</b>  |
|    | <i>In-kind Benefits</i>  |                   |                   |
|    | The Executive Mayor, Deputy Executive Mayor, Speaker and one other councillor are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor has the use of a Council owned vehicle for official duties. |                   |                   |
| 29 | DEBT IMPAIRMENT  |                   |                   |
|    | Trade Receivables from exchange transactions - Note 19   | 20 414 987        | 6 954 921         |
|    | Trade Receivables from non-exchange transactions - Note 19   | 6 802 314         | 1 045 211         |
|    | <b>Total Contribution to Impairment Provision</b>  | <b>27 217 301</b> | <b>8 000 132</b>  |
| 30 | DEPRECIATION AND AMORTISATION  |                   |                   |
|    | Depreciation PPE   | 13 500 157        | 12 780 090        |
|    | Depreciation Investment Properties   | 266 355           | 266 354           |
|    | Depreciation Capitalised Restoration Cost  | 172 950           | 163 644           |
|    | Amortisation   | 90 620            | 106 499           |
|    | <b>Total depreciation and amortisation expenditure</b>   | <b>14 030 083</b> | <b>13 316 587</b> |
| 31 | IMPAIRMENTS  |                   |                   |
|    | Property Plant & Equipment   | 10 527 800        | -                 |
|    | Investment Properties  | 466 582           | -                 |
|    | Capitalised Restoration Cost   | -                 | 11 216            |
|    | <b>Total Impairments</b>   | <b>10 994 382</b> | <b>11 216</b>     |
| 32 | REPAIRS AND MAINTENANCE  |                   |                   |
|    | Repairs and maintenance expenditure per vote   |                   |                   |
|    | Executive & Council  | 3 631             | 255               |
|    | Budget & Treasury  | 341 005           | 103 196           |
|    | Corporate Services   | 1 022 096         | 588 379           |
|    | Planning & Development   | 130 653           | 137 989           |
|    | Community & Social Services  | 497 731           | 364 494           |
|    | Housing  | 267 569           | 88 492            |
|    | Public Safety  | 571 849           | 855 009           |
|    | Sport & Recreation   | 1 678 024         | 1 150 604         |
|    | Waste Management   | 2 092 404         | 1 269 149         |
|    | Waste Water Management   | 454 553           | 481 835           |
|    | Road Transport   | 3 245 667         | 2 766 607         |
|    | Water  | 2 436 173         | 2 015 066         |
|    | Electricity  | 4 666 913         | 1 450 224         |
|    | <b>Total repairs and maintenance expenditure</b>   | <b>17 408 268</b> | <b>11 271 299</b> |
| 33 | FINANCE CHARGES  |                   |                   |
|    | Long-term Liabilities  | 1 785 723         | 1 899 271         |
|    | Finance leases   | 325 383           | 294 960           |
|    | Post Retirement Charges  | 1 939 570         | 1 864 999         |
|    | Overdraft Facilities   | 36 050            | 72 859            |
|    | <b>Total finance charges</b>   | <b>4 086 726</b>  | <b>4 132 089</b>  |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

|           |   | 2014              | 2013              |
|-----------|---|-------------------|-------------------|
|           |   | R                 | R                 |
| <b>34</b> | <b>BULK PURCHASES</b>                                   |                   |                   |
|           | Electricity   | 41 331 461        | 38 594 501        |
|           | Water   | 5 058 405         | 4 567 168         |
|           | <b>Total Bulk Purchases</b>                             | <b>46 389 866</b> | <b>43 161 669</b> |
|           | Stock Adjustments                                       | (7 323 581)       | (6 646 662)       |
|           | <b>Total Bulk Purchases excluding Stock Adjustments</b> | <b>39 066 285</b> | <b>36 515 007</b> |
| <b>35</b> | <b>CONTRACTED SERVICES</b>                              |                   |                   |
|           | Accountancy Services                                    | 1 256 837         | 1 060 789         |
|           | Finance Management Grant                                | 392 682           | 200 000           |
|           | IDP PAWK  | 63 000            | -                 |
|           | MSIG  | -                 | 18 657            |
|           | SDBIP   | 462 611           | 261 344           |
|           | Security Services                                       | 2 195 348         | 1 970 104         |
|           | Speed Camera  | 6 570 444         | 5 725 560         |
|           | Valuation cost  | 598 899           | 849 292           |
|           | <b>Total Contracted services</b>                        | <b>11 539 821</b> | <b>10 085 746</b> |
| <b>36</b> | <b>GRANTS AND SUBSIDIES</b>                             |                   |                   |
|           | Donations   | 60 000            | 39 859            |
|           | <b>Total Grants and Subsidies</b>                       | <b>60 000</b>     | <b>39 859</b>     |
| <b>37</b> | <b>GENERAL EXPENSES</b>                                 |                   |                   |
|           | Advertisement Costs                                     | 235 450           | 299 498           |
|           | Banking Charges   | 593 170           | 546 572           |
|           | Bursaries   | 363 773           | 238 065           |
|           | Community Development Workers                           | 306 859           | 378 606           |
|           | Organisations   | 1 042 140         | 964 818           |
|           | Insurance   | 1 010 157         | 755 912           |
|           | Asset Management Plan                                   | 28 906            | 163 326           |
|           | Licences/ Agreements                                    | 1 242 469         | 1 156 575         |
|           | Printing & Stationary                                   | 842 767           | 700 690           |
|           | Subsistence & Travel                                    | 1 185 207         | 796 937           |
|           | Audit fees  | 1 811 077         | 1 642 595         |
|           | Telephone Costs   | 1 429 982         | 1 374 655         |
|           | Training Costs  | 139 987           | 83 771            |
|           | Water service development program                       | 110 484           | 245 520           |
|           | Ward Committee  | 579 038           | 353 358           |
|           | Transfer existing housing                               | 3 876             | 366 421           |
|           | Vehicle Cost  | 73 827            | 499 837           |
|           | Postage   | 509 394           | 483 405           |
|           | Digging of graves                                       | 211 671           | 195 350           |
|           | Job Creation  | 520 154           | 466 688           |
|           | Legal expenses  | 465 028           | 265 945           |
|           | Rental Fees   | 223 569           | 208 735           |
|           | Customer Care   | -                 | 491 337           |
|           | Deeds Registrations                                     | 10 551            | 13 040            |
|           | Mayoral Goit Tournament                                 | 50 278            | 83 417            |
|           | Public Functions  | 57 242            | 69 357            |
|           | Publicity   | 11 235            | 10 286            |
|           | Tracking Device   | 197 481           | 346 076           |
|           | Deficit Rental Mun. Dwelling                            | 27 036            | 24 594            |
|           | Licences Vehicles                                       | 134 256           | 117 042           |
|           | Consulting Fees   | 702 655           | 434 988           |
|           | Workmans Compensation                                   | -                 | 634 320           |
|           | Memorial Services                                       | 100 000           | -                 |
|           | Collection Charges                                      | 235 932           | 96 646            |
|           | SCOA Implementation                                     | 200 871           | -                 |
|           | Refuse Bins   | 131 200           | 160               |
|           | Basic service delivery rebatess                         | 830 210           | 990 982           |
|           | Youth and gender  | 15 172            | 8 983             |
|           | Literacy Program  | 6 746             | 7 053             |
|           | Housing   | 28 573 434        | 14 771 058        |
|           | Electricity network                                     | 2 809 243         | 9 312 609         |
|           | Water network   | -                 | 79 972            |
|           | Other expenditure                                       | 974 048           | 1 031 824         |
|           | General Expenses  | <b>47 996 575</b> | <b>40 711 023</b> |

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial Performance. This include items such as telecommunications, travelling, legal fees and auditing fees.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

|       |  |           | 2013               |
|-------|--|-----------|--------------------|
|       |  |           | R                  |
| 38    | <b>CORRECTION OF ERROR IN TERMS OF GRAP 3</b>  | Notes     |                    |
| 38.01 | <b>Changes to Statement of Financial Performance</b>   |           |                    |
|       | <b>Balance previously reported</b>   |           |                    |
|       | Correction of "Tender Deposits" control account to income vote "Tender Documents" for 2012-2013  | 38.03     | 44 958 675         |
|       | Correction of "Traffic Fines" control account to income vote "Traffic Fines" for 2012-2013   | 38.03     | 20 161             |
|       | Correction of "ID Kaart" control account to income vote "Licences and Permits" for 2012-2013   | 38.03     | (1 100 565)        |
|       | Correct category allocation of bulk purchases to stock adjustments   | 38.01     | 147 059            |
|       | Correct category allocation of stock adjustments from bulk purchases   | 38.01     | 6 646 662          |
|       | Correct category allocation of remuneration of councillors to general expenditure (telephone)  | 38.01     | (6 646 662)        |
|       | Correct category allocation of general expenditure from remuneration of councillors (telephone)  | 38.01     | 166 810            |
|       | Correct category allocation of General expenditure from operating grant expenditure  | 38.01     | 25 170 656         |
|       | Correct category allocation of Employee related costs from operating grant expenditure   | 38.01     | 1 393 530          |
|       | Correct category allocation of Contracted services from operating grant expenditure  | 38.01     | 2 390 082          |
|       | Correct category allocation of other expenditure line items from operating grant expenditure   | 38.01     | (28 954 269)       |
|       | Operating leases not recorded during the 2012/13 financial year - corrected against "Rental income"  | 38.02     | (822)              |
|       | Reverse calculation of additional provision/ finance charges during 2012/13  | 38.05     | 292 474            |
|       | Correction on calculation of provision increase against finance charges during 2012/13   | 38.05     | (227 119)          |
|       | Reverse calculation of depreciation during 2012/13   | 38.06     | 77 719             |
|       | Reverse calculation of impairment during 2012/13   | 38.06     | 18 356             |
|       | Correction on calculation of depreciation during 2012/13   | 38.06     | (163 644)          |
|       | Correction on calculation of impairment during 2012/13   | 38.06     | (11 216)           |
|       | Misstatements in respect of Revenue - Reverse calculation during 2012/13 - Expenses  | 38.09     | (403 936)          |
|       | Misstatements in respect of Revenue - Reverse calculation during 2012/13 - Income  | 38.09     | 347 128            |
|       | Misstatements in respect of Revenue - Reverse calculation during 2012/13 - Interest  | 38.09     | 65                 |
|       | Investment property items with private owners - Reverse calculation of depreciation for 2012/2013  | 38.08     | 12 917             |
|       | Investment property assets with zero cost price - Reverse calculation of depreciation for 2012/2013  | 38.07     | (11 449)           |
|       | Investment property assets duplicated in the property, plant and equipment asset register - Reverse calculation of depreciation for 2012/2013                  | 38.07     | 34 837             |
|       | <b>Total</b>   |           | <b>43 990 639</b>  |
| 38.02 | <b>Operating Lease Arrangements</b>  |           |                    |
|       | <b>Balance Previously Reported</b>   |           |                    |
|       | Operating leases not recorded during the 2012/13 financial year - corrected against "Rental income"  | 38.01     | 12 643             |
|       | <b>Total</b>   |           | <b>(822)</b>       |
| 38.03 | <b>Payables From Exchange Transactions</b>   |           |                    |
|       | <b>Balance Previously Reported</b>   |           |                    |
|       | Correction of "Tender Deposits" control account to income vote "Tender Documents" for 2012-2013  | 38.01 & 8 | 24 209 887         |
|       | Correction of "Tender Deposits" control account to Accumulated Surplus for 2001-2012   | 38.04 & 8 | (20 161)           |
|       | Correction of "ID Kaart" control account to income vote "Licences and Permits" for 2012-2013   | 38.01 & 8 | (229 652)          |
|       | Correction of "Traffic Fines" control account to income vote "Traffic Fines" for 2012-2013   | 38.01 & 8 | (147 059)          |
|       | Correction of "Traffic Fines" control account to Accumulated Surplus till 30 June 2013   | 38.04 & 8 | 1 100 565          |
|       | Correction of Payables from Exchange transactions to Accumulated Surplus for 2009-2010   | 38.04 & 8 | 2 679 410          |
|       | <b>Total</b>   |           | <b>(147 679)</b>   |
| 38.04 | <b>Accumulated Surplus/(Deficit)</b>   |           |                    |
|       | <b>Balance previously reported</b>   |           |                    |
|       | Correction of "Tender Deposits" control account to Accumulated Surplus for 2001-2012   | 38.03     | 288 044 335        |
|       | Correction of Payables from Exchange transactions to Accumulated Surplus for 2009-2010   | 38.03     | 229 852            |
|       | Correction of "Traffic Fines" control account to Accumulated Surplus till 30 June 2013   | 38.03     | 147 679            |
|       | Reverse calculation of cost additions (Provision) as at 30 June 2012   | 38.05     | (2 679 410)        |
|       | Correction on calculation of provision contribution against accumulated surplus as at 30 June 2012   | 38.05     | 7 064 563          |
|       | Reverse calculation of accumulated depreciation as at 30 June 2012   | 38.06     | (2 544 669)        |
|       | Reverse calculation of accumulated impairment as at 30 June 2012   | 38.06     | 1 088 885          |
|       | Reverse calculation of cost additions as at 30 June 2012   | 38.06     | 71 295             |
|       | Correction on calculation of accumulated depreciation as at 30 June 2012   | 38.06     | (2 505 397)        |
|       | Correction on calculation of accumulated impairment as at 30 June 2012   | 38.06     | (558 028)          |
|       | Misstatements in respect of Revenue - Reverse calculation as at 30 June 2012   | 38.09     | (87 617)           |
|       | Investment property items with private owners - Reverse calculation of accumulated depreciation as at 30 June 2012   | 38.08     | (3 419)            |
|       | Investment property items with private owners - Reverse calculation of cost as at 30 June 2012   | 38.08     | 64 654             |
|       | Land not recorded in the asset register - Reverse calculation of cost as at 30 June 2012   | 38.07     | (387 500)          |
|       | Sold land displayed as owned by the Municipality on valuation roll - Reverse calculation of cost as at 30 June 2012  | 38.07     | 731 800            |
|       | Investment property assets with zero cost price - Reverse calculation of accumulated depreciation as at 30 June 2012   | 38.07     | 181 400            |
|       | Investment property assets with zero cost price - Reverse calculation of cost as at 30 June 2012   | 38.07     | (57 245)           |
|       | Investment property assets duplicated in the property, plant and equipment asset register - Reverse calculation of accumulated depreciation as at 30 June 2012 | 38.07     | 5 269 500          |
|       | Investment property assets duplicated in the property, plant and equipment asset register - Reverse calculation of cost as at 30 June 2012                     | 38.07     | 176 120            |
|       | <b>Total</b>   |           | <b>(3 787 475)</b> |
|       |  |           | <b>290 459 323</b> |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

|              |  |                    |
|--------------|--|--------------------|
| <b>38.05</b> | <b>Non-Current Provisions</b>  |                    |
|              | <b>Balance previously reported</b>   | <b>5 480 294</b>   |
|              | Reclassification of Provision 2013 to Non-Current Provision 2013   | 1 876 743          |
|              | Reverse calculation of additional provision/ finance charges during 2012/13  | (292 474)          |
|              | Reverse calculation of cost additions (Provision) as at 30 June 2012   | (7 064 563)        |
|              | Correction on calculation of cost against provision as at 30 June 2012   | 2 473 403          |
|              | Correction on calculation of cost additions against provision during 2012/13   | 91 848             |
|              | Correction on calculation of provision contribution against accumulated surplus as at 30 June 2012   | 2 544 669          |
|              | Correction on calculation of provision increase against finance charges during 2012/13   | 227 119            |
|              | <b>Total</b>   | <b>5 337 039</b>   |
| <b>38.06</b> | <b>Capitalised Restoration Cost</b>  |                    |
|              | <b>Balance previously reported</b>   | <b>1 249 142</b>   |
|              | Reverse calculation of accumulated depreciation as at 30 June 2012   | 1 088 885          |
|              | Reverse calculation of accumulated impairment as at 30 June 2012   | 71 295             |
|              | Reverse calculation of cost additions as at 30 June 2012   | (2 505 397)        |
|              | Reverse calculation of depreciation during 2012/13   | 77 719             |
|              | Reverse calculation of impairment during 2012/13   | 18 356             |
|              | Correction on calculation of accumulated depreciation as at 30 June 2012   | (558 028)          |
|              | Correction on calculation of depreciation during 2012/13   | (163 644)          |
|              | Correction on calculation of accumulated impairment as at 30 June 2012   | (87 617)           |
|              | Correction on calculation of impairment during 2012/13   | (11 216)           |
|              | Correction on calculation of cost against provision as at 30 June 2012   | 2 473 403          |
|              | Correction on calculation of cost additions against provision during 2012/13   | 91 848             |
|              | <b>Total</b>   | <b>1 744 746</b>   |
| <b>38.07</b> | <b>Property, plant and equipment</b>   |                    |
|              | <b>Balance previously reported</b>   | <b>362 702 323</b> |
|              | Investment property assets with zero cost price - Reverse calculation of accumulated depreciation as at 30 June 2012   | 38.04 (57 245)     |
|              | Investment property assets with zero cost price - Reverse calculation of cost as at 30 June 2012   | 38.04 5 269 500    |
|              | Investment property assets with zero cost price - Reverse calculation of depreciation for 2012/2013  | 38.01 (11 449)     |
|              | Land not recorded in the asset register - Reverse calculation of cost as at 30 June 2012   | 38.04 731 800      |
|              | Sold land displayed as owned by the Municipality on valuation roll - Reverse calculation of cost as at 30 June 2012  | 38.04 181 400      |
|              | Investment property assets duplicated in the property, plant and equipment asset register - Reverse calculation of accumulated depreciation as at 30 June 2012 | 38.04 176 120      |
|              | Investment property assets duplicated in the property, plant and equipment asset register - Reverse calculation of cost as at 30 June 2012                     | 38.04 (3 787 475)  |
|              | Investment property assets duplicated in the property, plant and equipment asset register - Reverse calculation of depreciation for 2012/2013                  | 38.01 34 837       |
|              | <b>Total</b>   | <b>365 239 812</b> |
| <b>38.08</b> | <b>Investment property</b>   |                    |
|              | <b>Balance previously reported</b>   | <b>9 690 469</b>   |
|              | Investment property items with private owners - Reverse calculation of accumulated depreciation as at 30 June 2012   | 38.04 64 654       |
|              | Investment property items with private owners - Reverse calculation of cost as at 30 June 2012   | 38.04 (387 500)    |
|              | Investment property items with private owners - Reverse calculation of depreciation for 2012/2013  | 38.01 12 917       |
|              | <b>Total</b>   | <b>9 380 540</b>   |
| <b>38.09</b> | <b>Unpaid Conditional Government Grants and Receipts</b>   |                    |
|              | <b>Balance previously reported</b>   | <b>972 569</b>     |
|              | Misstatements in respect of Revenue - Reverse calculation as at 30 June 2012   | 38.04 (3 419)      |
|              | Misstatements in respect of Revenue - Reverse calculation during 2012/13 - Expenses  | 38.01 (403 936)    |
|              | Misstatements in respect of Revenue - Reverse calculation during 2012/13 - Income  | 38.01 347 128      |
|              | Misstatements in respect of Revenue - Reverse calculation during 2012/13 - Interest  | 38.01 65           |
|              | <b>Total</b>   | <b>912 406</b>     |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

|   |  | 2014              | 2013              |
|---|--|-------------------|-------------------|
|   |  | R                 | R                 |
| <b>39 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b> |  |                   |                   |
| Surplus for the year  |  | 4 892 553         | 43 990 639        |
| <b>Adjustments for:</b>   |  |                   |                   |
| Depreciation  |  | 13 939 463        | 13 210 087        |
| Amortisation of Intangible Assets   |  | 90 620            | 106 499           |
| (Gain)/Loss on disposal of property, plant and equipment  |  | 167 999           | 85 728            |
| Contributed PPE   |  | (362 938)         | (61 092)          |
| Impairments   |  | 10 990 011        | 11 216            |
| Contribution from/to employee benefits - non-current  |  | (1 012 863)       | (1 157 994)       |
| Contribution from/to employee benefits - non-current - expenditure incurred                                     |  | 2 988 173         | 3 035 820         |
| Contribution from/to employee benefits - non-current - actuarial losses   |  | 1 679 174         | (3 190 937)       |
| Contribution from/to provisions - non-current   |  | 339 114           | 318 967           |
| Contribution to employee benefits - current   |  | 4 711 830         | 4 314 917         |
| Contribution to employee benefits - current - expenditure incurred  |  | (4 426 439)       | (3 813 803)       |
| Contribution to provisions - Debt Impairment  |  | 27 217 301        | 8 000 132         |
| Impairment written off  |  | (910 704)         | (7 461 979)       |
| (Increase)/Decrease in Capitalised Restoration Cost   |  | (87 835)          | (91 848)          |
| Additional debt Impairment transactions   |  | 15 131            | 11 189            |
| Increase/(Decrease) in Unspent Conditional Government Grants and Receipts                                       |  | (638 581)         | (5 445 813)       |
| Increase/(Decrease) in Unspent Conditional Public Contributions and Receipts                                    |  | 139 052           | (376 303)         |
| (Increase)/Decrease in Unpaid Conditional Government Grants and Receipts  |  | 242 030           | (818 782)         |
| Operating lease income accrued  |  | 1 813             | (286)             |
| Operating lease expenses accrued  |  | -                 | (547)             |
| Operating Surplus/(Deficit) before changes in working capital   |  | 59 974 904        | 50 665 809        |
| Changes in working capital  |  | (34 358 813)      | 12 629 540        |
| Increase/(Decrease) in Trade and Other Payables   |  | (810 313)         | 3 014 892         |
| Increase/(Decrease) in Taxes  |  | (211 777)         | 2 037 031         |
| (Increase)/Decrease in Inventory  |  | 374 453           | (85 410)          |
| Increase/(Decrease) in Consumer Deposits  |  | (21 011)          | 100 147           |
| (Increase)/Decrease in Trade Receivables from exchange transactions   |  | (3 099 137)       | (256 321)         |
| (Increase)/Decrease in Other Receivables from non-exchange transactions   |  | (30 591 028)      | 7 821 202         |
| <b>Cash generated/(absorbed) by operations</b>  |  | <b>25 616 091</b> | <b>63 295 350</b> |
| <b>40 CASH AND CASH EQUIVALENTS</b>   |  |                   |                   |
| Cash and cash equivalents included in the cash flow statement comprise the following:                           |  |                   |                   |
| Call Investments Deposits - Note 22   |  | 9 332 328         | 16 811 803        |
| Cash Floats - Note 22   |  | 12 070            | 12 330            |
| Bank - Note 22  |  | 2 592 738         | 1 273 546         |
| Bank overdraft - Note 22  |  | -                 | -                 |
| <b>Total cash and cash equivalents</b>  |  | <b>11 937 136</b> | <b>18 097 679</b> |
| <b>41 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>   |  |                   |                   |
| Cash and Cash Equivalents - Note 40   |  | 11 937 136        | 18 097 679        |
| Less:   |  | 11 937 136        | 18 097 679        |
| Unspent Committed Conditional Grants - Note 9   |  | 6 885 736         | 7 457 172         |
| Unspent Public Contribution - Note 10   |  | 7 135 563         | 7 774 144         |
| Unpaid Committed Conditional Grants - Note 9  |  | 139 052           | -                 |
| Staff Leave - Note 7  |  | (670 378)         | (912 408)         |
| VAT - Note 11   |  | 4 016 026         | 3 909 245         |
| Cash Portion of Housing Development Fund - Note 2   |  | (3 932 014)       | (3 465 238)       |
| Net cash resources available for internal distribution  |  | 197 487           | 151 429           |
| Allocated to:   |  | 5 051 400         | 10 640 507        |
| Capital Replacement Reserve   |  | 4 849 606         | 4 546 564         |
| <b>Resources available for working capital requirements</b>   |  | <b>201 794</b>    | <b>6 093 943</b>  |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

|                             |   | 2014<br>R                  | 2013<br>R                               |                             |      |  |  |
|-----------------------------|---|----------------------------|---|-----------------------------|------|--|--|
| 42                          | UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION   |                            |   |                             |      |  |  |
|                             | Long-term Liabilities - Note 3<br>Used to finance property, plant and equipment - at cost   | 18 078 846<br>(18 078 846) | 17 512 075<br>(17 512 075)              |                             |      |  |  |
|                             |   | <hr/>                      | <hr/>                                   |                             |      |  |  |
|                             | Cash set aside for the repayment of long-term liabilities   | -                          | -                                       |                             |      |  |  |
|                             | Cash invested for repayment of long-term liabilities  | -                          | -                                       |                             |      |  |  |
|                             |   | <hr/>                      | <hr/>                                   |                             |      |  |  |
|                             | Annuity loans at amortised cost is calculated at 6.75%-14.00% interest rate, with last maturity date of 31 July 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.                                 |                            |   |                             |      |  |  |
| 43                          | UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED  | 2014<br>R                  | 2013<br>R                               |                             |      |  |  |
| 43.1                        | <u>Unauthorised expenditure</u>   |                            |   |                             |      |  |  |
|                             | Reconciliation of unauthorised expenditure:   |                            |   |                             |      |  |  |
|                             | Opening balance   | 38 748 627                 | 15 898 544                              |                             |      |  |  |
|                             | Unauthorised operating expenditure current year   | 43 251 373                 | 9 396 141                               |                             |      |  |  |
|                             | Unauthorised capital expenditure current year   | 3 893 112                  | 13 453 942                              |                             |      |  |  |
|                             | Approved by Council or condoned   | (38 748 627)               | -                                       |                             |      |  |  |
|                             | Transfer to receivables for recovery  | -                          | -                                       |                             |      |  |  |
|                             | Unauthorised expenditure awaiting authorisation   | 47 144 485                 | 38 748 627                              |                             |      |  |  |
|                             |   | <hr/>                      | <hr/>                                   |                             |      |  |  |
|                             | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Incident</th> <th style="width: 75%;">Disciplinary steps/criminal proceedings</th> </tr> </thead> <tbody> <tr> <td>Actual vs Budgeted spending</td> <td>None</td> </tr> </tbody> </table> | Incident                   | Disciplinary steps/criminal proceedings | Actual vs Budgeted spending | None |  |  |
| Incident                    | Disciplinary steps/criminal proceedings   |                            |   |                             |      |  |  |
| Actual vs Budgeted spending | None  |                            |   |                             |      |  |  |
|                             |   | 2014<br>R<br>(Actual)      | 2014<br>R<br>(Budget)                   |                             |      |  |  |
|                             |   | 2014<br>R<br>(Variance)    | 2014<br>R<br>(Unauthorised)             |                             |      |  |  |
|                             | <u>Unauthorised expenditure current year - operating</u>  |                            |   |                             |      |  |  |
|                             | Executive & Council   | 16 739 693                 | 13 936 025                              |                             |      |  |  |
|                             | Budget & Treasury   | 14 068 931                 | 16 985 051                              |                             |      |  |  |
|                             | Corporate Services  | 23 664 751                 | 11 231 303                              |                             |      |  |  |
|                             | Planning & Development  | 4 272 629                  | 4 482 828                               |                             |      |  |  |
|                             | Health  |                            |   |                             |      |  |  |
|                             | Community & Social Services   | 7 291 310                  | 7 952 416                               |                             |      |  |  |
|                             | Housing   | 29 740 897                 | 27 643 467                              |                             |      |  |  |
|                             | Public Safety   | 39 548 184                 | 14 340 355                              |                             |      |  |  |
|                             | Sport & Recreation  | 7 099 273                  | 6 854 420                               |                             |      |  |  |
|                             | Environmental Protection  |                            |   |                             |      |  |  |
|                             | Waste Management  | 10 410 973                 | 9 946 828                               |                             |      |  |  |
|                             | Waste Water Management  | 5 045 194                  | 5 244 743                               |                             |      |  |  |
|                             | Road Transport  | 16 226 826                 | 17 047 780                              |                             |      |  |  |
|                             | Water   | 17 759 336                 | 19 449 823                              |                             |      |  |  |
|                             | Electricity   | 62 365 968                 | 68 783 214                              |                             |      |  |  |
|                             |   | <hr/>                      | <hr/>                                   |                             |      |  |  |
|                             |   | 254 233 965                | 223 878 253                             |                             |      |  |  |
|                             |   | <hr/>                      | <hr/>                                   |                             |      |  |  |
|                             | <u>Unauthorised expenditure current year - capital</u>  |                            |   |                             |      |  |  |
|                             | Executive & Council   | 16 328                     | 16 328                                  |                             |      |  |  |
|                             | Budget & Treasury   | 125 437                    | 59 060                                  |                             |      |  |  |
|                             | Corporate Services  | 328 129                    | 223 500                                 |                             |      |  |  |
|                             | Planning & Development  | 2 101                      | -                                       |                             |      |  |  |
|                             | Health  |                            |   |                             |      |  |  |
|                             | Community & Social Services   | 479 584                    | 175 425                                 |                             |      |  |  |
|                             | Housing   |                            |   |                             |      |  |  |
|                             | Public Safety   | 635 162                    | 358 100                                 |                             |      |  |  |
|                             | Sport & Recreation  | 883 176                    | 110 600                                 |                             |      |  |  |
|                             | Environmental Protection  |                            |   |                             |      |  |  |
|                             | Waste Management  | 1 780 136                  | 660 000                                 |                             |      |  |  |
|                             | Waste Water Management  | 5 244 949                  | 6 477 310                               |                             |      |  |  |
|                             | Road Transport  | 6 506 018                  | 9 298 135                               |                             |      |  |  |
|                             | Water   | 5 111 323                  | 3 356 502                               |                             |      |  |  |
|                             | Electricity   | 9 514 140                  | 12 768 406                              |                             |      |  |  |
|                             |   | <hr/>                      | <hr/>                                   |                             |      |  |  |
|                             |   | 30 626 480                 | 34 575 212                              |                             |      |  |  |
|                             |   | <hr/>                      | <hr/>                                   |                             |      |  |  |
|                             |   | (3 948 732)                | 3 893 112                               |                             |      |  |  |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

|      |   | 2014<br>R            | 2013<br>R            |
|------|---|----------------------|----------------------|
| 43   | UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED<br>(CONTINUED) |                      |                      |
| 43.2 | <u>Fruitless and wasteful expenditure</u>   |                      |                      |
|      | Reconciliation of fruitless and wasteful expenditure:                                 |                      |                      |
|      | Opening balance   | -                    | -                    |
|      | Fruitless and wasteful expenditure current year                                       | -                    | -                    |
|      | Condoned or written off by Council  | -                    | -                    |
|      | Transfer to receivables for recovery - not condoned                                   | -                    | -                    |
|      | Fruitless and wasteful expenditure awaiting condonement                               | -                    | -                    |
|      |   | <u><u>-</u></u>      | <u><u>-</u></u>      |
| 43.3 | <u>Irregular expenditure</u>  |                      |                      |
|      | Reconciliation of irregular expenditure:  |                      |                      |
|      | Opening balance   | 16 264               | 16 264               |
|      | Irregular expenditure current year  | 35 000               | -                    |
|      | Condonement supported by Council  | (16 264)             | -                    |
|      | Transfer to receivables for recovery - not condoned                                   | -                    | -                    |
|      | Irregular expenditure awaiting condonement  | <u><u>35 000</u></u> | <u><u>16 264</u></u> |
|      |   | <u><u>-</u></u>      | <u><u>-</u></u>      |
| 43.4 | <u>Material Losses</u>  |                      |                      |
|      | <b>Electricity distribution losses</b>  |                      |                      |
|      | Units purchased (Kwh)   | 56 524 586           | 56 991 818           |
|      | - Units lost during distribution (Kwh)  | 6 488 858            | 6 519 179            |
|      | - Percentage lost during distribution   | 11.48%               | 11.44%               |
|      | <b>Water distribution losses</b>  |                      |                      |
|      | Kilotres purified   | 2 603 153            | 2 644 718            |
|      | - Kilolitres lost during distribution   | 1 327 126            | 1 292 439            |
|      | - Percentage lost during distribution   | 50.98%               | 48.87%               |

BEAUFORT WEST MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

|             |   | 2014<br>R                           | 2013<br>R                           |
|-------------|---|-------------------------------------|-------------------------------------|
| <b>44</b>   | <b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>  |                                     |                                     |
| <b>44.1</b> | <b><u>Contributions to organised local government - [MFMA 125 (1)(c)] - SALGA CONTRIBUTIONS</u></b>                                 |                                     |                                     |
|             | Opening balance   | 627 076                             | 454 552                             |
|             | Council subscriptions   | (627 076)                           | (454 552)                           |
|             | Amount paid - current year  |                                     |                                     |
|             | <b>Balance unpaid (included in creditors)</b>   | <u><u>-</u></u>                     | <u><u>-</u></u>                     |
| <b>44.2</b> | <b><u>Audit fees - [MFMA 125 (1)(c)]</u></b>  |                                     |                                     |
|             | Opening balance   | 1 811 077                           | 1 642 595                           |
|             | Current year audit fee  | 1 811 077                           | 1 642 595                           |
|             | External Audit - Auditor-General  | (1 811 077)                         | (1 642 595)                         |
|             | Amount paid - current year  |                                     |                                     |
|             | <b>Balance unpaid (included in creditors)</b>   | <u><u>-</u></u>                     | <u><u>-</u></u>                     |
| <b>44.3</b> | <b><u>VAT - [MFMA 125 (1)(c)]</u></b>   |                                     |                                     |
|             | VAT   | <u><u>(3 932 014)</u></u>           | <u><u>(3 465 238)</u></u>           |
|             | VAT is payable on the payments basis. Only once payment is received from debtors is VAT paid over to SARS.                          |                                     |                                     |
| <b>44.4</b> | <b><u>PAYE, SDL and UIF - [MFMA 125 (1)(c)]</u></b>   |                                     |                                     |
|             | Opening balance   | 536 345                             | -                                   |
|             | Current year payroll deductions and Council Contributions   | 7 430 456                           | 6 559 328                           |
|             | Amount paid - current year  | (7 401 629)                         | (6 022 983)                         |
|             | <b>Balance unpaid (included in creditors)</b>   | <u><u>565 172</u></u>               | <u><u>536 345</u></u>               |
| <b>44.5</b> | <b><u>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</u></b>  |                                     |                                     |
|             | Opening balance   | 12 139 114                          | 11 294 805                          |
|             | Current year payroll deductions and Council Contributions   | (12 139 114)                        | (11 294 805)                        |
|             | Amount paid - current year  |                                     |                                     |
|             | <b>Balance unpaid (included in creditors)</b>   | <u><u>-</u></u>                     | <u><u>-</u></u>                     |
| <b>44.6</b> | <b><u>Councillor's arrear consumer accounts - [MFMA 125 (1)(c)]</u></b>   |                                     |                                     |
|             | The following Councillors had arrear accounts for more than 90 days at 30 June 2014 financial year:                                 |                                     |                                     |
|             |   | 2014<br>R                           | 2013<br>R                           |
|             |   | Outstanding<br>more than 90<br>days | Outstanding<br>more than 90<br>days |
|             | Councillor L Deyse (510271/000768)  | 3                                   | 4 839                               |
|             | Councillor G Adolph (021180/032194)   | -                                   | 3 885                               |
|             | Councillor M Furmen (023379/023380)   | 884                                 | 3 118                               |
|             | Councillor R van der Linde (070128/020003)  | 250                                 | 473                                 |
|             | <b>Total Councillor Arrear Consumer Accounts</b>  | <u><u>1 137</u></u>                 | <u><u>12 315</u></u>                |
| <b>44.7</b> | <b><u>Quotations awarded - Supply Chain Management</u></b>  |                                     |                                     |
|             | Supply Chain Management Implementation Report for the year ended 30 June 2014 and Supply Chain Management Regulation 45 disclosure: |                                     |                                     |

## **SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT: 1<sup>st</sup> QUARTER: 01 JULY – 30 SEPTEMBER 2013**

In terms of paragraph 1.9 of Council's Supply Chain Management Policy, the Accounting Officer must submit a report on the implementation of the policy to the Executive Mayor, within 10 days after the end of each quarter.

### **1. Bids Awarded By The Bid Adjudication Committee**

Attached please find as Addendum 1 the report for the period 01 July – 30 September 2013.

### **2. Awards to Close Family Members of Persons in the Service of the State**

In terms of the Municipal Supply Chain Management Regulations, Paragraph 45, awards given to close family members of persons in the service of the state, above R2 000 should be disclosed in the notes to the Annual Financial Statements.

| <b>Business</b>           | <b>Date</b>              | <b>Invoice</b>      | <b>Amount</b>               | <b>Interest</b>   |
|---------------------------|--------------------------|---------------------|-----------------------------|---|
| Karoo Motors Werkswinkel  | 24/07/2013<br>27/08/2013 | 1504137<br>15041951 | R 88 230.30<br>R 147 715.50 | ❖ Spouse, Mrs. Anna-Marie van der Merwe is employed with the Department of Health Services                        |
| Danielle Studiesentrum    | 08/08/2013               | 15041667            | R62 690.28                  | ❖ Brother Wayne Petersen is currently employed at the Beaufort West Municipality                                  |
| Karoo Beton werke         | 28/08/2013               | 15042001            | R5 830.00                   | ❖ Spouses, Mr A Swanepoel en Mrs E Klazen are employed with the Department of Correctional Services and Education |
| Wilma's Catering Services | 07/08/2013               | 15041662            | R 3 430.00                  | ❖ Brother currently employed as a Councilor at the Beaufort West Municipality.                                    |
| PJ Plumbing               | 22/08/2013               | 15041811            | R27 850.00                  | ❖ Mother Mrs E Botha and sister Mrs B Saaiman are employed with the Department of Education.                      |

### **3. Monthly Report on Deviations and Minor Breaches**

The Supply Chain Management Policy states in Paragraph 10.3.1: "The accounting officer may dispense with the official procurement processes established by this policy and may procure any required goods or services through any convenient process, which may include direct negotiations, but only –

- (b) if such goods or services are produced or available from a single provider only;
- (d) in any other exceptional case where it is impractical or impossible to follow the official procurement processes”

Attached please find a schedule of Deviations and Minor Breaches approved by the Accounting Officer as Addendum 2.

In terms of Section 21(a) of the Systems Act the report must also be advertised in the local media and placed on Council's notice boards and website.

**ACTING DIRECTOR: FINANCIAL SERVICE**

**Addendum 1**

**BIDS AND FORMAL WRITTEN QUOTATIONS AWARDED BY BID ADJUDICATION COMMITTEE AND DIRECTORS**

| <b>Bid #</b> | <b>Item</b>   | <b>Bids Received</b>  | <b>Bid Amount</b>  | <b>Awarded to</b>   | <b>Remarks</b>   |
|--------------|---|---|--|---|--|
| SCM 02/2014  | Supply & delivery of assembled information technology hardware  | ❖ Brilliant Computers<br>❖ Juvinon Systems t/a ISM<br>❖ First Technology<br>❖ Mantella Systems  | ❖ R 254 649.00<br>❖ R 212 438.00<br>❖ R 320 886.06<br>❖ R 288 186.96 | ❖ Brilliant Computers<br>❖ First Technology<br>❖ Mantella | Quotation was split between bidders for the most competitive prices. |
| SCM 03/2014  | Maintenance of electrical installation as well as Maintenance of electrical wiring: buildings for a 3 year period | ❖ TG Elektries  | ❖ R 70 774.05  | ❖ TG Elektries  |  |
| SCM 05/2014  | Supply and delivery of 2 auto motor type ESA 10 4 phase controllers   | ❖ CS Traffic Engineering & Consulting Services<br>❖ Automotor Traffic Signal Co   | ❖ R 54 378.00<br>❖ R 52 982.64                                       | ❖ Automotor Traffic signal                                |  |
| SCM 14/2013  | Supply and delivery of crushed stone products, G5 material and building sand                                      | ❖ Bathopole traders<br>❖ Volmoed Quarries<br>❖ Van der Berg<br>❖ Vervoer<br>❖ Buffelsdrift Clay Mine<br>❖ Perfecto Builders<br>❖ Transand<br>❖ Duneco | ❖ Different Prices   | ❖ Volmoed Quarries<br>❖ Perfecto Bouers                   |  |
| SCM 12/2013  | Supply and delivery of Chlorine gas, Aluminium sulphate and water purification lime for 3 year period.            | ❖ Tuschemy CC<br>❖ Onduka Division of Improchem<br>❖ Protea Chemicals Cape<br>❖ Metsi Chem. Ikapa   | ❖ R53 477.85   | Protea Chemicals Cape                                     |  |
| SCM 16/2013  | Supply and delivery of bitumen products   | ❖ Bathopole traders<br>❖ Sandobel 165<br>❖ Volmoed Quarries<br>❖ Buffelsdrift Clay Mine   | ❖ Different Prices   | Tosas Asphalt King  |  |

|                |   |   |   |                              |
|----------------|---|---|---|------------------------------|
|                |   | ❖ Van der berg<br>❖ Vervoer<br>❖ Tosas<br>❖ Condoprops t/a<br>Asphalt King  |   |                              |
| SCM<br>17/2013 | Construction of a bar counter<br>at the Rustdene Sports Pub   | ❖ GHF<br>Geldenhuys t/a<br>Mr Fix it  | ❖ R49 424.00  | GHF Geldenhuys t/a Mr Fix it |
| SCM<br>04/2014 | Supply, Delivery and<br>Installation of under counter<br>pub fridges for the Rustdene<br>Sports Pub | ❖ Air Fit Air<br>Conditioning<br>❖ Buyhezi Trading<br>1013  | ❖ R 37 620.00<br>(Option 1)<br>❖ R 38 304.00<br>(Option 2)  | Air Fit Air Conditioning     |
| SCM<br>05/2014 | Supply and Delivery of Two<br>Auto Motor Type ESA 10 Four<br>Phase Controllers                      | ❖ Auto Motor<br>Traffic Signal<br>❖ C.S Traffic<br>Engineering &<br>Consulting<br>Services                            | ❖ R 52 982.64<br>❖ R 54 378.00  | Auto Motor Traffic Signal    |
| SCM<br>11/2013 | Provision of Security services<br>for period of 3 years.  | ❖ Mavati<br>Nationwide<br>❖ African Compass<br>❖ Mtabati<br>❖ CT City security<br>❖ Afri-guard<br>Makoko<br>❖ Dee dee | ❖ R4 524 780.86<br>❖ R45 339.12<br>❖ R3 761 125.92<br>❖ R85 819.64<br>❖ R2 409 840.00<br>❖ R3 275 866.80<br>❖ R3 347 351.28<br>❖ R87 990.40 | Afri-guard                   |

## Addendum 2

| APPLICABLE PARAGRAPH IN SCM POLICY |  | DEVIATIONS APPROVED BY MUNICIPAL MANAGER  |  |   |   |
|------------------------------------|--|---|--|---|---|
| SOLE SUPPLIER                      | SUPPLIERS  | AMOUNT  | DATE   | REASON FOR DEVIATION  |   |
| (b)                                | Actebis 268 CC<br>Gene Louw Traffic College<br>De Jager Kontrakteurs<br>Karoo Vleisboere Kooperasie<br>Elister Kent Metering<br>Spectrum Communications<br>Beaufort Alarms | R 2,040.60<br>R 10,921.90<br>R 4,240.80<br>R 2,454.29<br>R 92,910.11<br>R 2,372.34<br>R 3,458.76                                    | 3/7/2013<br>25/07/2013<br>15/07/2013<br>23/07/2013<br>30/07/2013<br>31/07/2013<br>31/07/2013                   | Sole supplier to handle hazardous waste.<br>Only accredited training college in the Western Cape.<br>Only local supplier to quote for calcrete.<br>Sole supplier of products in Murraysburg<br>Sole Manufacturer of elister meters and strainers<br>Repair telemetry system<br>Repair Alarm Sanlam building |   |
| (d)                                | Any exceptional case where it is impractical or impossible to follow the official procurement processes  | Sebata<br>Total client service<br>TMS Hasler<br>Mini Moulders<br>Essop Multisave<br>Flotron<br>Mycad<br>Nedbank running club George | R 509,036.22<br>R 9,091.50<br>R 7,816.00<br>R 2,699.50<br>R 3,237.50<br>R 6,498.00<br>R 2,250.00<br>R 2,600.00 | 9/7/2013<br>3/7/2013<br>27/7/2013<br>8/7/2013<br>23/07/2013<br>24/07/2013<br>16/07/2013<br>10/7/2013  | Service provider of financial management system<br>Provides software for traffic services<br>Service provider for franking machine procured<br>Beaufort West Marathon - already has emblem<br>Beaufort West Marathon - supplier for colddrinks<br>Renewal of mycity data services<br>Detail plans of bar counter at Rustdene Sports pub<br>Make use of the timing chip system at the Beaufort West Marathon |
| (e)(i)                             | Any contract relating to the publication of notices and advertisements by the municipality   | Media 24  | R 5,763.06   | 17/07/2013  | Adverts SCM 01/2014 Notice 69/13  |
| (d)(vi)                            | ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids.                           | Die Courier<br>George Lawnmowers  | R 6,669.00<br>R 5,010.30   | 9/7/2013<br>17/7/2013   | Only newspaper circulating in the central Karoo<br>Parts only available at agent  |
|                                    | Bwest Precision Engineers  | R 17,752.08<br>R 2,380.32<br>R 12,939.00<br>R 5,323.80<br>R 5,235.40<br>R 2,692.32<br>R 5,000.00                                    | 12/7/2013<br>17/07/2013<br>17/07/2013<br>17/07/2013<br>17/07/2013<br>17/07/2013<br>11/7/2013                   | CZ 5726 - Repair engine<br>CZ 17798 - Agent for Case tractor-Service engine<br>Lister Engine Mville - Service engine<br>Recondition Compressor<br>CZ 16710 - Service, parts available at agents.<br>Agent - Pto shaft - Roughcutter<br>CZ 7796 - Towing services from Murraysburg to Beaufort West          |   |

| APPLICABLE PARAGRAPH IN SCM POLICY   |                             |             |            | DEVIATIONS APPROVED BY MUNICIPAL MANAGER   |  |  |  |
|--|-----------------------------|-------------|------------|--|--|--|--|
|  | SUPPLIERS                   | AMOUNT      | DATE       | REASON FOR DEVIATION   |  |  |  |
| (a) EMERGENCY  | Brandkraal Boerdery         | R 29,925.00 | 12/08/2013 | Closed up landfill site-health risk for community-Warning letter issued by Department of Environment Affairs |  |  |  |
| (b) SOLE SUPPLIER  | Valsta's Transport          | R 36,300.00 | 28/08/2013 | Unblock sewerage lines-health risk to community  |  |  |  |
|  | B&B Sweiswerke              | R 2,250.00  | 26/08/2013 | Sole supplier that can pull borehole pumps   |  |  |  |
|  | Penny Pinchers              | R 25,815.15 | 28/08/2013 | Sole supplier of materials in town   |  |  |  |
|  | Karoo Vleisboere Kooperasie | R 2,454.29  | 23/08/2013 | Only supplier in Murraysburg that can provide goods  |  |  |  |
|  | Teleray                     | R 9,690.00  | 26/08/2013 | Only supplier that can service TV Tower in Murraysburg   |  |  |  |
| (d) Any exceptional case where it is impractical or impossible to follow the official procurement processes                      | TMS Hasler                  | R 6,400.00  | 21/08/2013 | Service provider for a franking machine procured   |  |  |  |
|  | Ignite Advisory Services    | R 81,573.84 | 8/8/2013   | Service provider of performance management software  |  |  |  |
|  | SM Consultants              | R 12,431.70 | 6/8/2013   |  |  |  |  |
|  |                             | R 21,300.00 | 14/08/2013 | Service provider for the distribution of traffic summonses   |  |  |  |
|  | E & D Catering              | R 2,900.00  | 13/08/2013 | Women's day function - deliver dessert & cutlery   |  |  |  |
|  | Skuzza Caterers             | R 2,500.00  | 23/08/2013 | Catering for Madiba day for 150 people in Murraysburg  |  |  |  |
|  | Proudly Karoo               | R 3,600.00  | 8/8/2013   | Women's day function - supply gifts  |  |  |  |
|  | Essops Multisave            | R 2,497.71  | 8/8/2013   | Supplied refreshments for women's day function   |  |  |  |
|  | Nyala Communications        | R 3,499.00  | 6/8/2013   | The only service provider for internet services  |  |  |  |
|  | Centracell                  | R 9,186.04  | 6/8/2013   | Saving cost on telephone system  |  |  |  |
| (d)(i) Any contract relating to the publication of notices and advertisements by the municipality                                | Media 24                    | R 5,763.06  | 22/08/2013 | SCM 06/2014 Notice no 85/2013: Office automation equipment   |  |  |  |
|  | Die Courier                 | R 17,955.01 | 2/8/2013   | Only newspaper circulating in the central Karoo  |  |  |  |
|  |                             | R 7,511.18  | 29/08/2013 |  |  |  |  |
|  |                             | R 5,174.41  | 29/08/2013 |  |  |  |  |
|  |                             | R 6,852.83  | 2/8/2013   |  |  |  |  |
| (d)(v) The appointment of any person to provide professional services where the value of such appointment is less than R200 000. | Daniela De Kock             | R 15,340.00 | 7/8/2013   | Functional capacity evaluations for 16 employees   |  |  |  |
|  | Tamryn Olivier              | R 15,340.00 | 2/8/2013   |  |  |  |  |
|  | Dr Riel Hugo                | R 18,062.40 | 29/08/2013 | Assessment of MM position  |  |  |  |

|  |  |  |   |  |
|--|--|--|---|--|
| <p><b>(d)(vi)</b> ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids.</p> | <p>Danielle Studiesetrum</p> <p>ignite Advisory Services</p> <p>Jupiter Towing</p> | <p>R 62,690.28</p> <p>R 78,660.00</p> <p>R 10,668.00</p> | <p>8/8/2013</p> <p>22/08/2013</p> <p>6/8/2013</p> | <p>Reconciliations of stores, creditors,asset register &amp; c schedule</p> <p>Compilation &amp; implementation of a compliance register</p> <p>CZ 4032 - Tow in truck and repair</p> <p>R 5,760.00 6/8/2013 CZ 5291 CAT - Remove and refit diff of digger loader</p> <p>R 5,000.00 21/08/2013 Transport trailer from Murrysburg to Beaufort West</p> <p>R 25,080.00 29/08/2013 Repair of diff of digger loader-CZ 5291</p> <p>R 2,779.70 6/8/2013 Repair grasscutter</p> <p>R 5,079.52 1/8/2013 CZ 5169 TLB - Parts only available at agent</p> <p>R 9,331.95 21/08/2013 CZ 5169 - Vehicle is under guarantee &amp; service vehicle</p> <p>R 31,794.00 8/8/2013 CZ 5401 - Overall engine - sole supplier in bwest</p> <p>R 3,874.86 8/8/2013 Tar cutter repair specialized works</p> <p>R 32,574.36 22/08/2013 CZ 10084 - sole supplier that can repair vehicle</p> <p>R 42,762.54 29/08/2013 CZ 17137 - Faulty engine, sole supplier that can fix engine</p> <p>R 39,878.34 29/08/2013 CZ 7775 - Repair engine, sole supplier that can fix engine</p> <p>R 2,989.00 12/8/2013 CZ 6815 - Repairs done, sole supplier</p> <p>R 2,520.00 12/8/2013 CZ 16710-Repairs on vehicle</p> <p>R 2,850.00 15/08/2013 Repairs to air conditioner at Kwa-Mandlenkosi office</p> <p>R 2,500.00 16/08/2013 Repairs to air conditioner at the Mayor's office</p> <p>R 2,500.00 22/08/2013 CZ 4118 - Repair the window</p> <p>R 4,647.78 21/08/2013 Repair water works pump</p> <p>R 4,480.20 21/08/2013</p> |
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| APPLICABLE PARAGRAPH IN SCM POLICY |  | SUPPLIERS                 |              | AMOUNT     | DATE      | REASON FOR DEVIATION  |
|------------------------------------|--|---------------------------|--------------|------------|-----------|---|
| (a)                                | EMERGENCY  | PG Glass                  |              | R 2,500.00 | 11/9/2013 | Access payment for insurance claim for replacement of window    |
| (b)                                | SOLE SUPPLIER  | Penny Pinchers            |              | R 8,268.99 | 5/9/2013  |   |
|                                    |  | Flotron                   | R 14,296.21  | 4/9/2013   |           | Sole supplier of stock in Beaufort west                         |
|                                    |  | Elster Kent Metering      | R 18,438.36  | 4/9/2013   |           | Sole supplier to do repairs                                     |
|                                    |  | Barloworld Equipment      | R 223,440.23 | 3/9/2013   |           | Sole Manufacturer of elster meters & strainers                  |
|                                    |  | Monar                     | R 152,446.92 | 27/09/2013 |           | Sole supplier for this type of work                             |
|                                    |  |                           | R 13,327.97  | 16/09/2013 |           | Sole manufacturer of chemicals used to clean electrical cables  |
|                                    |  | De Jagers Loodgieters     | R 2,600.25   | 20/09/2013 |           | Sole supplier of stock to repair the swimming pool in Nelspoort |
|                                    |  | Conchem saligna           | R 2,039.41   | 18/09/2013 |           | Sole supplier of insect killer to fumigate houses               |
| (d)                                | Any exceptional case where it is impractical or impossible to follow the official procurement processes  | SM Consultants            | R 43,350.00  | 9/9/2013   |           |   |
|                                    |  |                           | R 54,450.00  | 19/09/2013 |           | Service provider for the distribution of traffic summonses      |
|                                    |  | Garden route Mosselbay    | R 1,049.00   | 2/9/2013   |           | MGR0 meeting held at Garden route casino & Hotel                |
|                                    |  | Abraham Kiewitz Attorneys | R 34,200.00  | 16/09/2013 |           | The council needed a legal opinion                              |
| (d)(v)                             | The appointment of any person to provide professional services where the value of such appointment is less than R200 000.                        | Ignite Advisory Services  | R 35,060.70  | 9/9/2013   |           | Drafting of annual performance report                           |
|                                    |  | JR Nieuwenhuizen          | R 2,337.57   | 6/9/2013   |           | Only service provider locally for balju services                |
| (d)(vi)                            | ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids. | Victor se garage          | R 6,733.05   | 9/9/2013   |           | CZ 15569 - Sole supplier in Merweville that can do repairs      |
|                                    |  | 24/7 Tyres & Fitment      | R 10,000.00  | 9/9/2013   |           | CBT 256 - Towing services on trailer from Murraysburg           |
|                                    |  |                           | R 10,000.00  | 4/9/2013   |           | CZ 7775 - Towing services on tractor from Beaufort west         |
|                                    |  | 600 CT Manufacturing      | R 2,980.87   | 6/9/2013   |           | CZ 2954 - Outrigger lock assembly                               |
|                                    |  | George Lawnmowers         | R 5,554.08   | 6/9/2013   |           | Repair generator Honda  |
|                                    |  |                           | R 5,755.04   | 19/09/2013 |           | Compactor - repair engine                                       |
|                                    |  |                           | R 4,959.24   | 19/09/2013 |           | Tricycle lawnmower - repairs                                    |
|                                    |  | Denver                    | R 17,649.58  | 16/09/2013 |           | CZ 6542 - Repairs   |
|                                    |  | Tata Worcester            | R 3,017.10   | 18/09/2013 |           | CZ 16710 - Murraysburg- Clutch kit parts available at ag        |
|                                    |  | Purple rose distributors  | R 4,060.52   | 18/09/2013 |           | Groot Bomag 90 - Service kits                                   |
|                                    |  |                           | R 8,491.85   | 18/09/2013 |           | Klein bomag 65 - Service kits                                   |

## **SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT: 2<sup>nd</sup> QUARTER: 01 OCTOBER – 31 DECEMBER 2013**

In terms of paragraph 1.9 of Council's Supply Chain Management Policy, the Accounting Officer must submit a report on the implementation of the policy to the Executive Mayor, within 10 days after the end of each quarter.

### **1. Bids Awarded By The Bid Adjudication Committee**

Attached please find as Addendum 1 the report for the period 01 October – 31 December 2013.

### **2. Awards to Close Family Members of Persons in the Service of the State**

In terms of the Municipal Supply Chain Management Regulations, Paragraph 45, awards given to close family members of persons in the service of the state, above R2 000 should be disclosed in the notes to the Annual Financial Statements.

| Business                 | Date                                   | Invoice                          | Amount                                      | Interest  |
|--------------------------|--|----------------------------------|---|---|
| Karoo Motors Werkswinkel | 29/10/2013<br>01/10/2013<br>02/12/2013 | 15043274<br>15042776<br>15044198 | R 13 1402.10<br>R 10 9204.38<br>R 69 260.70 | ❖ Spouse, Mrs. Anna-Marie van der Merwe is employed with the Department of Health Services                        |
| Van Niekerk Prokureurs   | 10/10/2013                             | 15042935                         | R 2 789.51                                  | ❖ Husband Mr F Van Niekerk is currently employed at the Department of Education                                   |
| Karoo Beton werke        | 29/10/2013<br>01/10/2013<br>02/12/2013 | 15043276<br>15042782<br>15044229 | R6 130 .00<br>R10 688.00<br>R 4 700.00      | ❖ Spouses, Mr A Swanepoel en Mrs E Klazen are employed with the Department of Correctional Services and Education |
| Sonneblom Bloemiste      | 18/10/2013<br>18/11/2013<br>17/12/2013 | 15043041<br>15043788<br>15044559 | R 3 000.00<br>R 3 500.00<br>R 7 600.00      | ❖ Son, Mr H Jack is currently employed at the Beaufort West Municipality on a contract basis.                     |
| PJ Sound & Vision        | 07/11/2013                             | 15043680                         | R5750.00                                    | ❖ Son, Mr PJ Julies is employed as vehicle inspection and traffic officer at Beaufort West Municipality           |
| Chalmers                 | 18/11/2013                             | 15043790                         | R 3 000.00                                  | ❖ Spouse, Mr. M. Chalmers employed with the Department of Correctional Services as Corrections Officer.           |
| Karoo Drukkery           | 02/12/2013                             | 15044199                         | R 3 345.90                                  | ❖ Wife, Mrs. S Munro is employed at the Department of Health.   |
| Beaufort West            | 17/12/2013                             | 15044560                         | R 37 400.00                                 | ❖ Son, Warren Johnson is  |

|                        |            |          |             |  |
|------------------------|------------|----------|-------------|--|
| Luxury Coaches         |            |          |             | employed at the Beaufort West Municipality.  |
| General Shine Catering | 17/12/2013 | 15044558 | R 26 000.00 | ❖ Spouse, Mr. F Diedericks is employed by Department of Community Safety as a traffic officer. |

### 3. Monthly Report on Deviations and Minor Breaches

The Supply Chain Management Policy states in Paragraph 10.3.1: "The accounting officer may dispense with the official procurement processes established by this policy and may procure any required goods or services through any convenient process, which may include direct negotiations, but only –

- (b) if such goods or services are produced or available from a single provider only;
- (d) in any other exceptional case where it is impractical or impossible to follow the official procurement processes"

Attached please find a schedule of Deviations and Minor Breaches approved by the Accounting Officer as Addendum 2.

In terms of Section 21(a) of the Systems Act the report must also be advertised in the local media and placed on Council's notice boards and website.

**ACTING DIRECTOR: FINANCIAL SERVICE**

**Addendum 1**

**BIDS AND FORMAL WRITTEN QUOTATIONS AWARDED BY BID ADJUDICATION COMMITTEE AND DIRECTORS**

| <b>Bid #</b>   | <b>Item</b>  | <b>Bids Received</b>  | <b>Bid Amount</b>   | <b>Awarded to</b>                        | <b>Remarks</b>   |
|----------------|--|---|---|--|--|
| SCM 01/2014    | Supply & Installation of mechanical & electrical equipment for the upgrading of the boreholes supplying water to Murraysburg | ❖ Hidro-Tech systems<br>❖ De Jagers Loodgieters Kontrakteurs  | ❖ R2 776 618.09<br>❖ R2 212 152.56  | ❖ De Jagers Loodgieters Kontrakteurs     | ❖ The tender amount be adjusted to ensure that its within the available budget of R1 246 155.00 incl VAT |
| SCM 06/2014    | Supply, Delivery, Installation and financing of office automation equipment for 3 years.                                     | ❖ Satinsky 171 t/a Ricoh Garden Route<br>❖ Zestirox<br>❖ Smart Office Service<br>❖ Page Automation<br>❖ Southern Cape Business Systems<br>❖ Seartec Trading<br>❖ Konica Minolta | ❖ R225 422.80<br>❖ R272 670.37<br>❖ R309 196.96<br>❖ R491 400.00<br>❖ R795 386.05<br>❖ Different Prices<br>❖ Different Prices | ❖ Ricoh Garden Route<br>❖ Konica Minolta |  |
| SCM 07/2014    | Supply and Delivery of Refuse Bins   | ❖ Invusa Business Service<br>❖ Phambili   | ❖ R116 850.00<br>❖ R135 471.90  | ❖ Invusa Business Service                |  |
| SCM 10/2014    | Supply, Delivery, Installation and Maintenance of tag surveillance system  | ❖ Bell Oak Investment<br>❖ CSX Customer Service   | ❖ R103 922.10<br>❖ R130 159.50  | ❖ Bell Oak Investment                    |  |
| Tender 60/2011 | Transversal Agreement- Mosselbay Municipality- Appointment of Consulting Engineers for Various Projects                      | ❖ Makukhane Consulting Engineers  | ❖ R 1 200 000.00  | ❖ Makukhane Consulting Engineers         |  |
| SCM 14/2014    | Contract for the Upgrading of Ebenezer Street  | ❖ Trucon<br>❖ De Jagers Loodgieters<br>❖ ATN Roadmarking & Civils   | ❖ R 3 568 729.99<br>❖ R 3 801 091.46<br>❖ R 4 158 442.34  | ❖ Trucon                                 |  |

## Addendum 2

| DEVIATIONS APPROVED BY MUNICIPAL MANAGER OCTOBER  |                              |             |            |  |  |
|---|------------------------------|-------------|------------|--|--|
| APPLICABLE PARAGRAPH IN SCM POLICY  | SUPPLIERS                    | AMOUNT      | DATE       | REASON FOR DEVIATION   |  |
| (a) EMERGENCY   | Workshop Electronics         | R 76,470.80 | 25/10/2013 | Repair brake roller testing machine at the Vehicle testing station |  |
| (b) SOLE SUPPLIER   | E Esterhuizen                | R 21,090.00 | 1/10/2013  | Only available supplier for the transportation of grader           |  |
|   |                              | R 51,984.00 | 11/10/2013 | Only available supplier that has a grader for hire                 |  |
|   | National Computer College    | R 5,700.00  | 21/10/2013 | Only local supplier in town that can offer the courses             |  |
|   | Karoo Fire                   | R 2,600.00  | 21/10/2013 | Only locally service provider to service fire extinguishers        |  |
|   | Beaufort Alarms              | R 2,670.00  | 15/10/2013 | Only locally service provider to service fire extinguishers        |  |
|   | Jirah Construction           | R 5,181.30  | 2/10/2013  | Install alarm system at Hoenderplaas - Vaalkoppies                 |  |
|   | Karoo vleisboere             | R 5,300.00  | 1/10/2013  | Camera survey of pipes   |  |
|   | Kooperasie                   | R 2,441.32  | 1/10/2013  | Sole supplier in Murraysburg to supply stock                       |  |
|   | Wurth                        | R 7,215.60  | 25/10/2013 | Manufacturer of Wurth products                                     |  |
|   | Afrox                        | R 3,057.01  | 28/10/2013 | Sole manufacturer of the oxygen and acetylene products             |  |
|   | Karoo Betonwerke             | R 2,130.00  | 3/10/2013  |  |  |
|   |                              | R 3,150.00  | 3/10/2013  |  |  |
|   |                              | R 6,130.00  | 3/10/2013  | Sole local manufacturer of concrete products in Beaufort West      |  |
|   |                              | R 3,900.00  | 3/10/2013  |  |  |
|   |                              | R 2,280.00  | 3/10/2013  | Repair air conditioners at the Municipal Offices in Merweville     |  |
|   | B-wes Lugeeling & verkoeling | R 3,576.75  | 28/10/2013 | Test and repair air conditioner at Payroll unit.                   |  |
|   | Pletchops slaghuis           | R 3,690.00  | 10/10/2013 | Catering for youth in local government development                 |  |
|   | Sonneblom Bloemiste          | R 3,000.00  | 10/10/2013 | Decorate pub for Youth in local government development             |  |
|   | FG Uniforms                  | R 27,120.26 | 4/10/2013  | Only supplier with available stock on hand                         |  |
|   | Charlmers Transport          | R 3,740.00  | 7/10/2013  | Available supplier for transportation of people to Oudtshoorn      |  |
|   | Hue-Tone                     | R 2,673.20  | 22/10/2013 | Only two service providers that could provide quotes for bar codes |  |
|   | Youngs Halfway House         | R 10,200.00 | 23/10/2013 | Mayoral Golf day - bookings for golfers                            |  |
| (d) Any exceptional case where it is impractical or impossible to follow the official procurement processes |                              |             |            |  |  |

|         |  |   |  |  |   |  |
|---------|--|---|--|--|---|--|
|         |  |   |  |  |   |  |
| (d)(i)  | Any contract relating to the publication of notices and advertisements by the municipality   | Total Client Service Media 24   | R 6,400.00<br>R 9,091.50<br>R 5,763.06<br>R 5,763.06<br>R 7,664.58<br>R 5,763.06<br>R 6,444.43<br>R 21,113.10  | 2/10/2013<br>26/10/2013<br>26/10/2013<br>29/10/2013<br>30/10/2013<br>29/10/2013<br>02/10/2011              | 11/10/2013<br>Provides software for traffic services<br>SCM 14/2014 Notice no 104/2013 Advert Ebenezer Street<br>SCM 12/2014 Notice no 103/2013 Advert High mast lights<br>SCM 13/2014 Notice no 106/2013 Bulk water supply Neispoort<br>SCM 08/2014 Notice no 107/2013 Housing projects  | Service provider for a franking machine procured |
| (d)(v)  | The appointment of any person to provide professional services where the value of such appointment is less than R200 000.                        | Chris Swartz Engineering<br>Lombard en Kriek<br>Crawfords Attorneys   | R 19,950.00<br>R 39,308.06<br>R 32,490.00<br>R 17,559.42   | 21/10/2013<br>17/10/2013<br>22/10/2013<br>15/10/2013   | Prepare Beaufort West Municipality for the blue drop assessment<br>SALA – pension fund payments<br>Legal opinion - councilors remuneration<br>SALA - pension fund payments  |  |
| (d)(vi) | ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids. | Mega Roller Shutter Doors<br>Beaufort West Toyota<br>Beaufort West Lugreeling & verkoeling<br>All Access<br>Beaufort West Precision Motor Engineers | R 11,925.00<br>R 2,161.91<br>R 2,280.00<br>R 3,576.75<br>R 16,368.99<br>R 9,970.44<br>R 2,523.96<br>R 2,040.60 | 8/10/2013<br>15/10/2013<br>3/10/2013<br>28/10/2013<br>15/10/2013<br>25/10/2013<br>25/10/2013<br>25/10/2013 | Repair roller doors at the Murraysburg Stores<br>Repair air conditioners at the Municipal offices in Merweville<br>Repair air conditioners at the Municipal offices in Merweville<br>Test and repair air conditioner at Payroll unit.<br>Collect nifty 120T & transport to Cape Town for repairs<br>CZ 4574 - Repairs & service & fit new parts of tractor Bomag roller - Remove & fit new broken bolts & timing belt<br>Bomag roller - Remove & replace diesel pump & injector |  |

| APPLICABLE PARAGRAPH IN SCM POLICY |               | DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR NOVEMBER |             |            |  |
|------------------------------------|---------------|---|-------------|------------|--|
| (b)                                | SOLE SUPPLIER | SUPPLIERS   | AMOUNT      | DATE       | REASON FOR DEVIATION   |
|                                    |               | Elster Kent Metering                                  | R 53,352.68 | 8/11/2013  | Sole manufacturer of Elster meters and strainers                     |
|                                    |               | CTS Beaufort -West                                    | R 3,420.00  | 13/11/2013 | Loading & unloading of concrete slabs at the pump stations           |
|                                    |               | Integrity control systems                             | R 6,549.30  | 11/11/2013 | Manufacturer of the security seals                                   |
|                                    |               |   | R 36,138.00 |            |  |
|                                    |               | Landis + Gyr  | R 42,978.00 | 11/11/2013 | Manufacturer of the electricity meters                               |
|                                    |               |   | R 7,991.40  | 8/11/2013  | Handle hazardous waste & have a permit to expose of it.              |
|                                    |               |   | R 2,166.00  | 8/11/2013  |  |
|                                    |               | Actebis 268 CC  | R 2,600.00  | 5/11/2013  | Only local supplier that can supply red base course                  |
|                                    |               | E Esterhuizen   |             |            | Only service provider locally to supply & service fire extinguishers |
|                                    |               | Karoo Fire  | R 2,472.00  | 15/11/2013 | Only service provider locally to supply & service fire extinguishers |
|                                    |               | De Jager Loodgieters                                  | R 2,000.00  | 13/11/2013 | Only local supplier that can supply calcrete                         |
|                                    |               | Karoo Vleisboere Koop                                 | R 5,054.05  | 1/11/2013  | Sole supplier in Murraysburg   |
|                                    |               | Pressure Sealers                                      | R 4,400.00  | 7/11/2013  | Preventative maintenance service & check settings                    |
|                                    |               | PJ Sounds   | R 5,750.00  | 7/11/2013  | Mayoral golf day sound, stage & photography.                         |
|                                    |               | Best Home & Electric                                  | R 11,697.78 | 11/11/2013 | Mayoral golf day, presents for award ceremony                        |
|                                    |               | Ultra Liquors   | R 2,533.85  | 15/11/2013 | Youth in local government function                                   |
|                                    |               |   |             |            | Only locally service provider to provide the needed goods            |
|                                    |               | Nuwedveld Chemist                                     | R 3,217.30  | 25/11/2013 | Safety inspection and load testing equipment                         |
|                                    |               | Hoistec Engineering                                   | R 17,498.64 | 25/11/2013 | Safety inspection and load testing equipment                         |
|                                    |               | Pentecostal Unity Mission Church                      | R 7,500.00  | 13/11/2013 | Indigent applications must be renewed every 6 months                 |
|                                    |               | New Fountain Ministries                               | R 5,500.00  | 13/11/2013 |  |
|                                    |               |   | R 41,850.00 | 20/11/2013 |  |
|                                    |               | SM Consultants  | R 46,050.00 | 20/11/2013 | Service provider for the distribution of traffic summonses           |
|                                    |               | TMS Hasler  | R 6,400.00  | 25/11/2013 | Service provider for franking machine procured                       |
|                                    |               | Nyala Communications                                  | R 3,499.00  | 5/11/2013  | The only service provider for internet services                      |
|                                    |               | Total Client Service                                  | R 9,091.50  | 4/11/2013  | Provides software for traffic services                               |
|                                    |               | Juta & Co   | R 3,041.00  | 5/11/2013  | Updated legislation books  |

|         |  |  |   |  |
|---------|--|--|---|--|
| (d)(i)  | Any contract relating to the publication of notices and advertisements by the municipality   | Media 24   | R 6,845.47  | 23/11/2013   |
| (d)(ii) | any contract with an organ of state, a local authority or a public utility corporation or company  | Department of Transport  | R 53,760.00   | 1/11/2013  |
| (d)(v)  | The appointment of any person to provide professional services where the value of such appointment is less than R200 000.                        | Crawfords Attorneys  | R 112,446.15  | 29/11/2013   |
| (d)(vi) | ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids. | <p>Transtech</p> <p>George Lawnmowers</p> <p>Flo specialized product solutions</p> <p>Cape Mowers CC</p> <p>Barloworld Equipment</p> | <p>R 32,448.00</p> <p>R 3,735.21</p> <p>R 3,224.55</p> <p>R 8,322.00</p> <p>R 2,713.43</p> <p>R 6,643.75</p> <p>R 2,643.07</p> <p>R 10,903.88</p> | <p>CZ 5234 - Sort out problems with hydraulic system</p> <p>Parts for lawnmower repairs</p> <p>Repairs on tricycle lawnmower</p> <p>Faulty VEGA 76 power analyzer send for testing &amp; repairs</p> <p>Torro Ruffcutter - Agent-Supply bearings</p> <p>CZ 7713 - Supply new water pump</p> <p>CZ 5169 - TLB Service and repair faults</p> |

| DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR DECEMBER |   |                              |             |            |   |
|---|---|------------------------------|-------------|------------|---|
| APPLICABLE PARAGRAPH IN SCM POLICY                    |   | SUPPLIERS                    | AMOUNT      | DATE       | REASON FOR DEVIATION  |
| (a)   | Emergency   | De Jagers Loodgieters        | R 2,190.75  | 13/12/2013 | Supply and repair of valves   |
| (b)   | Sole Supplier   | W.M Van Der Heever           | R 2,850.00  | 13/12/2013 | Only local land surveyor supplier   |
|   |   | Beaufort Alarms              | R 20,477.00 |            | Installation of new alarm system at SAFA buildings  |
|   |   | BKB                          | R 4,230.54  | 2/12/2013  | Replacement of alarm system in Murraysburg  |
| (d)   | Any exceptional case where it is impractical or impossible to follow the official procurement processes |                              |             |            |   |
|   |   | BKB                          | R 3,140.70  | 02/12/2013 | Only BKB locally can supply us on account for Ammonium Sulphate and 2.3.2 fertilizer                          |
|   |   | October Sky                  | R 5,476.22  | 02/12/2013 | The only firm that replied to request for quotation for full beehive suite                                    |
|   |   | Ultra Liquors                | R 2,719.80  | 06/12/2013 | Purchase of refreshments for year function on 06 December 2013  |
|   |   | KFC                          | R 3,059.00  | 19/12/2013 |   |
|   |   |                              | R 2,224.80  |            | The only locally supplier that is willing to provide on short notice.   |
|   |   | Penny Pinchers               | R 12,382.60 | 30/12/2013 | The only locally supplier that provide the necessary material   |
|   |   | Forms Media Independent      | R 7,860.30  | 2/12/2013  | Specialized printing works for traffic summonses used with TCS software                                       |
|   |   | Avbob                        | R 2,480.00  | 2/12/2013  | Financial assistance with pauper burial of disadvantage family  |
|   |   | City Lodge Hotel             | R 2,565.40  | 3/12/2013  | Nearest accommodation available to venue  |
|   |   | Beaufort West Luxury Coaches | R 37,400.00 | 11/12/2013 | The only available supplier who could provide service on required time for memorial service of Nelson Mandela |
|   |   | Total Client Service         | R 9,091.50  | 27/12/2013 | Provides software for traffic services  |
|   |   | Centracell                   | 6186.83     | 10/12/2013 | Saving cost on telephone system   |
|   |   | Sonneblom Bloemiste          | R 7,600.00  | 12/12/2013 | The only available supplier who could provide service on required time for memorial service of Nelson Mandela |
|   |   |                              | R 28,575.15 | 11/12/2013 | The only supplier, who was willing to assist the Municipality with goods on credit.                           |
|   |   | Essop Multisave              | R 4,036.42  | 11/11/2013 | Goods for Mayoral gholf day 9/11/2013. The supplier provide goods on credit                                   |
| (d)(i)  | Any contract relating to the publication of notices and advertisements by the municipality              | Die Courier                  | R 27,826.85 | 30/12/2013 | Only newspaper circulating in the Central Karoo   |

|         |  |   |   |  |   |
|---------|--|---|---|--|---|
| (d)(v)  | The appointment of any person to provide professional services where the value of such appointment is less than R200 000                         | Danielle Studie Sentrum<br>S. B Naidoo<br>Crawfords Attorneys | R 25,450.64<br>R 14,953.60<br>R 11,083.50 | 4/12/2013<br>11/12/2013<br>9/12/2013   | Professional services for the reconciliations of creditors and stores<br>Only service provider locally for bafju services<br>Local official law practitioner handling the transportations |
| (d)(vi) | ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids. | TFM TransTech<br>The Workshop                                 | R 6,602.67<br>R 2,500.00<br>R 2,500.00    | 10/12/2013<br>27/12/2013<br>10/12/2013 | CZ 3484 Repairs -Nissan Compactor- Community service, the supplier is the agent<br>Repair of vehicle CZ16710<br>Repair clutch CZ 7775   |

CZ 4930-Cherry Picker-Specialized repair works

## **SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT: 3<sup>rd</sup> QUARTER: 01 JANUARY – 31 MARCH 2014**

In terms of paragraph 1.9 of Council's Supply Chain Management Policy, the Accounting Officer must submit a report on the implementation of the policy to the Executive Mayor, within 10 days after the end of each quarter.

### **1. Bids Awarded By The Bid Adjudication Committee**

Attached please find as Addendum 1 the report for the period 01 January – 31 March 2014.

### **2. Awards to Close Family Members of Persons in the Service of the State**

In terms of the Municipal Supply Chain Management Regulations, Paragraph 45, awards given to close family members of persons in the service of the state, above R2 000 should be disclosed in the notes to the Annual Financial Statements.

| Business                     | Date                     | Invoice              | Amount                     | Interest  |
|------------------------------|--------------------------|----------------------|----------------------------|---|
| Karoo Motors Werkswinkel     | 29/01/2014<br>31/03/2014 | 15045648<br>15047342 | R 71 497.38<br>R 95 362.14 | ❖ Spouse, Mrs. Anna-Marie van der Merwe is employed with the Department of Health Services  |
| Karoo Beton werke            | 30/01/2014<br>26/02/2014 | 15045644             | R 4 140.00<br>R 6 156.00   | ❖ Spouses, Mr A Swanepoel en Mrs E Klazen are employed with the Department of Correctional Services and Education   |
| Van Niekerk Prokureurs       | 03/03/2014               | 15046606             | R 3 088.87                 | ❖ Husband Mr F Van Niekerk is currently employed at the Department of Education   |
| PJ Sound & Vision            | 26/03/2014               | 15047122             | R 50 000.00                | ❖ Son, Mr PJ Julies is employed as vehicle inspection and traffic officer at Beaufort West Municipality.  |
| B Chalmers                   | 20/03/2014               | 15046936             | R 46 500.00                | ❖ Spouse, Mr. M. Chalmers employed with the Department of Correctional Services as Corrections Officer.   |
| Karoo Drukkery               | 31/03/2014               | 15047344             | R 2 491.40                 | ❖ Wife, Mrs. S Munro is employed at the Department of Health.   |
| Beaufort West Luxury Coaches | 26/03/2014               | 15047109             | R 50 940.00                | ❖ Son, Warren Johnson is employed at the Beaufort West Municipality. Daughter in law, B Johnson is employed as a traffic officer at Department of Community |

|                           |            |          |             | Safety.   |
|---------------------------|------------|----------|-------------|---|
| Wilma's Catering Services | 26/03/2014 | 15047103 | R 35 000.00 | ❖ Brother currently employed as a Councilor at the Beaufort West Municipality.                |
| Avril's Catering          | 25/03/2014 | 15047073 | R 2 400.00  | ❖ Daughter, Ms. M Johnson employed with the Department of Correctional Services.              |
| Sonneblom Bloemiste       | 20/03/2014 | 15046934 | R 9 000.00  | ❖ Son, Mr H Jack is currently employed at the Beaufort West Municipality on a contract basis. |

### 1. Prohibitions on awards to persons in the service of the state

In terms of the Municipal Supply Chain Management Regulations, Paragraph 44, the supply chain management policy of a municipality must, irrespective of procurement process followed, state that the municipality may not make any award to a person:

- (a) Who is in the service of the state

With the searches conducted via Trans Union to check whether supplier registered suppliers on Council's Preferred Suppliers Database is not in the service of the state, it was brought to our attention that one of non-executive directors is in the service of the state. We request that Council condone this expenditure of Afrox.

Following please find the particulars of awards to persons that are in the service of the state:

|       |          |  |             |   |
|-------|----------|--|-------------|---|
| Afrox | 10/02/14 |  | R 5 8474.00 | Dr KDK Mokhele is an independent non-executive Director of Afrox. Board member, is currently employed at the National Department of Science and Technology. |
|-------|----------|--|-------------|---|

### 3. Monthly Report on Deviations and Minor Breaches

The Supply Chain Management Policy states in Paragraph 10.3.1: "The accounting officer may dispense with the official procurement processes established by this policy and may procure any required goods or services through any convenient process, which may include direct negotiations, but only –

- (b) if such goods or services are produced or available from a single provider only;
- (d) in any other exceptional case where it is impractical or impossible to follow the official procurement processes"

Attached please find a schedule of Deviations and Minor Breaches approved by the Accounting Officer as Addendum 2.

In terms of Section 21(a) of the Systems Act the report must also be advertised in the local media and placed on Council's notice boards and website.

**ACTING DIRECTOR: FINANCIAL SERVICE**

**Addendum 1**

**BIDS AND FORMAL WRITTEN QUOTATIONS AWARDED BY BID ADJUDICATION COMMITTEE AND DIRECTORS**

| <b>Bid #</b> | <b>Item</b>   | <b>Bids Received</b>  | <b>Bid Amount</b>  | <b>Awarded to</b> | <b>Remarks</b>         |
|--------------|---|---|--|-------------------|------------------------|
| SCM 12/2014  | Supply, delivery and Installation of 30m high masts & 20m scissor masts complete with floodlighting for Beaufort West Municipality. | ❖ EMC Electrical<br>❖ Reticulation<br>❖ Sisindisiwe Electrical JV<br>❖ Lethando Eng JV<br>❖ Ingoms o<br>❖ MDL Electrical<br>❖ Maritz Electrical<br>❖ Kontrei Elektries<br>❖ Adenco Construction   | ❖ R2 826 402.50<br>❖ R2 834 450.18<br>❖ R2 739 914.89<br>❖ R2 147 112.60<br>❖ R2 439 460.12<br>❖ R2 448 743.35 | ❖                 | ❖ Adenco Construction  |
| SCM 14/2014  | Nominated Sub-contractors Upgrading of Ebenezer Avenue  | ❖ Rwigila Construction<br>❖ Elizar Ondernehmings<br>❖ Cheslyn Transport<br>❖ Inyameko Trading 445<br>❖ Komsaam General Construction<br>❖ JMG Solutions<br>❖ WM Workers<br>❖ CXM & JGS Projects<br>❖ Masipilisane Civils<br>❖ JD Konstruksie Bwes<br>❖ Michelle & Idene Construction Inv<br>❖ Sincede General<br>❖ Workers Construct<br>❖ Share-a-deal 184 | ❖ R2 257 529.28<br>❖ 283 420.00  | ❖                 | ❖ Inyameko Trading 445 |
| SCM 11/2014  | Request for proposals. Provision of comprehensive Banking services  | ❖ Standard Bank<br>❖ Absa Bank<br>❖ First National Bank<br>❖ Ned bank   | ❖ 693 811.80<br>❖ 565450.56<br>❖ 708 899.40<br>❖ 504 885.60  | ❖                 | ❖ Nedbank              |
| SCM 13/2014  | Construction of the bulk water supply Nelspoort   | ❖ De Jager Loodgieter<br>❖ Move it Civils   | ❖ 1 550 204.83<br>❖ 1 835 267.25   | ❖                 | ❖ De Jager Loodgieter  |

|                     |  | Contractors  |  |  |
|---------------------|--|--|--|--|
| CKDM 14-<br>2013/14 | Transversal Agreement:<br>Tender: CKDM 14-2013/14<br>Skills Development And<br>Securing Of Funds | <ul style="list-style-type: none"> <li>❖ A2 Loodgieter</li> <li>❖ Slyahiongana</li> <li>❖ Funda Civils CC</li> <li>❖ C.A.L Construction</li> <li>❖ ATN Roadmarking &amp; Civils</li> </ul> | <ul style="list-style-type: none"> <li>❖ 1 838 376.05</li> <li>❖ 2 351 428.82</li> <li>❖ 3 041 523.70</li> <li>❖ 3 492 304.70</li> <li>❖ 4 286 655.10</li> </ul> |  |
|                     |  | <ul style="list-style-type: none"> <li>❖ Africa Creek<br/>Investment (Pty) Ltd</li> </ul>  | <ul style="list-style-type: none"> <li>❖ The service provider<br/>is responsible for the<br/>securing funds</li> </ul>   |  |

Addendum 2

| DEVIATIONS APPROVED BY MUNICIPAL MANAGER |  |   |   |  |   |
|--|--|---|---|--|---|
| APPLICABLE PARAGRAPH IN SCM POLICY       |  | SUPPLIERS   | AMOUNT                                    | DATE                                   | REASON FOR DEVIATION  |
| (a)                                      | Emergency  | Art-Work welding  | R 4,000.00                                | 30/01/2014                             | Fire services new office was broken into by removing security gate.   |
| (b)                                      | Sole Supplier  | Elster Kent Metering<br>Karoo Beton werke   | R 10,545.00<br>R 4,140.00                 | 30/01/2014<br>30/01/2014               | Sole manufacturer of Elster metering and strainers<br>Only local manufacturer of concrete products.   |
| (d)                                      | Any exceptional case where it is impractical or impossible to follow the official procurement processes                  | Booyens Funerals<br>TMS Hasler<br>Bell Oak Investments                            | R 4,254.00<br>R 6,400.00<br>R 44,095.20   | 27/01/2014<br>07/01/2014<br>09/01/2014 | Financial constraints of family, request assistance.<br>Service provider for franking machine procured<br>Procure tag labels for tag surveillance system from successful bidder |
|  |  | SM Consultants  | R 25,800.00                               | 13/01/2014                             | Service provider for the distribution of traffic summonses  |
|  |  |   | R 20,250.00                               | 29/01/2014                             | Nov & Dec 13  |
|  |  | Nyala Communications  | R 3,499.00                                | 31/01/2014                             | The only service provider for internet services   |
|  |  | B&B Sweiswerke  | R 2,800.00                                | 14/01/2014                             | Pull and release of borehole pump on Chicken farm   |
|  |  | BKB   | R 5,088.60                                | 20/01/2014                             | Only Local supplier of ammonium sulphate and growth salt.   |
|  |  | Asia  | R 6,137.20                                | 31/01/2014                             | Repair damaged house erf 9747, damaged by vehicle   |
|  |  |   | R 5,400.00                                | 15/01/2014                             | Only service provider locally to supply & service fire extinguishers  |
|  |  | Karoo Fire  | R 3,750.00                                | 29/01/2014                             | Repair alarm system at Rustdene office where burglary took place.   |
|  |  | Beaufort Alarms   | R 4,326.30                                | 03/01/2014                             | Only available supplier with specific tiles for the VIP lounge.   |
|  |  | CTM   | R 4,428.35                                | 17/01/2014                             |   |
|  |  | Die Courier   | R 2,104.38                                | 30/12/2013                             | Printing of vehicle logbooks books for workshop   |
|  |  | Ignite Advisory Services  | R 17,460.81                               | 09/01/2014                             | Performance Management Service Provider   |
| (d)(i)                                   | Any contract relating to the publication of notices and advertisements by the municipality.                              | Die Courier   | R 3,351.60                                | 30/01/2014                             | Only newspaper circulating in the Central Karoo   |
| (d)(v) /                                 | The appointment of any person to provide professional services where the value of such appointment is less than R200 000 | Danielle Studie Sentrum<br>Marais Muller Yekiso Attorneys<br>Crawford's Attorneys | R 25,450.64<br>R 49 413.30<br>R 13,110.00 | 21/01/2014<br>29/01/2014<br>27/01/2014 | Professional services for the reconciliations of creditors and stores<br>Legal advice w.r.t Afri-forum<br>Local official law practitioner handling the transportations          |

|         |  |                                   |            |            |   |
|---------|--|-----------------------------------|------------|------------|---|
| (d)(vi) | ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids. | Beaufort West Precision Motor eng | R 2,268.60 | 29/01/2014 | CZ 3484 - Sole supplier in Town that van repair vehicle |
|         | All Access   |                                   | R 3,432.83 | 29/01/2014 | CZ 4930 - Repairs to cherry picker                      |

| APPLICABLE PARAGRAPH IN SCM POLICY |  | SUPPLIERS         |            |   | DEVIATIONS APPROVED BY MUNICIPAL MANAGER           |  |
|------------------------------------|--|-------------------|------------|---|--|--|
| (b)                                | Sole Supplier  |                   | AMOUNT     | DATE  | REASON FOR DEVIATION                               |  |
|                                    | Elster Kent Metering   | R 5,529.00        | 10/02/2014 | Sole manufacturer of Elster meters and strainers                  |  |  |
|                                    | Karoo Vleisboere   | R 17,099.65       | 21/02/2014 | Sole supplier of goods in Murraysburg                             |  |  |
|                                    | Kooperasie   | R 2,280.00        | 17/02/2014 | Sole local supplier of calcite                                    |  |  |
|                                    | De Jager Loodgieters   | R 6,156.00        | 26/02/2014 | Sole local supplier of piramides.                                 |  |  |
|                                    | Karoo Betonwerke   | R 8,877.18        | 20/02/2014 | Sole locally supplier that can supply stock                       |  |  |
|                                    | Penny Pinchers   |                   |            | Sole local supplier of ammonium sulphate and growth salt          |  |  |
|                                    | BKB  | R 8,229.30        | 19/02/2014 |   |  |  |
|                                    | B&B Sveiswerke   | R 3,145.00        | 7/2/2014   | Pull and drop borehole at Small Hansrivier                        |  |  |
|                                    | Lithotech  | R 24,168.00       | 4/2/2014   | Specialized printing works for municipal accounts                 |  |  |
|                                    | Isak Goeiemann   | R 2,000.00        | 6/2/2014   | Families request financial assistance from Municipality           |  |  |
|                                    | Proudly Karoo  | R 4,980.00        | 20/02/2014 | Visibility t-shirt with branding for swimming pool officials      |  |  |
|                                    | Makkhukane Consulting  | R 8,205.67        | 26/02/2014 | Installation of pre-paid meters in Murraysburg                    |  |  |
|                                    | Ubertech   | R 98,564.40       | 1/2/2014   | Contracted i.t.o a service level agreement to provide IT support. |  |  |
|                                    | Pressure Sealers   | R 4,100.00        | 4/2/2014   | Preventative maintenance service and check settings               |  |  |
| (d)(i)                             | Any contract relating to the publication of notices and advertisements by the municipality | Media 24          | R 6,160.79 | 19/02/2014  | Advertisement in Die Burger for Notice no. 17/2014 |  |
| (d)(vi)                            | ad-hoc repairs to plant and  | George Lawnmowers | R 7,112.25 | 3/2/2014  | Tri-cycle lawnmower, do repairs                    |  |

|  |  |
|--|--|
|  | equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids. |
|--|--|

|  |                          |             |            |  |
|--|--------------------------|-------------|------------|--|
|  | Bwes precision motor eng | R 11,868.00 | 1/12/2014  | Hyundai- overall engine and specialized services |
|  | Wurth                    | R 47,225.30 | 26/02/2014 | Sole supplier and importer of these products     |

#### DEVIATIONS APPROVED BY MUNICIPAL MANAGER

| APPLICABLE PARAGRAPH IN SCM POLICY | SUPPLIERS               | AMOUNT       | DATE       | REASON FOR DEVIATION   |
|------------------------------------|-------------------------|--------------|------------|--|
| (a) Emergency                      | WCC Cables              | R 182,379.36 | 17/03/2014 | The overhead power lines was stolen and urgent repairs were necessary  |
|                                    | Bafana Bafana Elektries | R 97,384.52  | 31/03/2014 |  |
|                                    |                         |              |            | Restring of lines to pumps   |
|                                    |                         |              |            | Sole local supplier that can supply stock otherwise transportations costs would have been paid if supplied outside Beaufort west |
| (b) Sole Supplier                  | Penny Pinchers          | R 12,412.77  | 3/3/2014   | Sole supplier of drager alcohol tester equipment in the Western Cape   |
|                                    | Drager                  | R 12,451.08  | 31/03/2014 |  |
|                                    | Hazard Bonaka           | R 18,462.10  | 31/03/2014 | Only supplier with stock to provide quotation for Sirens and emergency lights  |
|                                    | B&B Sweiswerke          | R 2,920.00   | 19/03/2014 | Pull down bore hole at Hansrivier  |
|                                    | E Esterhuizen           | R 10,260.00  | 3/3/2014   | Only available contractor with grader to repair access road to Katjieskop Substation for the minister of Energy                  |
|                                    |                         |              |            | Sole service provider locally to monitor the existing alarm system   |
|                                    | Beaufort Alarms         | R 3,021.00   | 18/03/2014 |  |
|                                    | Bwest Luxury Coaches    | R 50,940.00  | 12/3/2014  | Transport people from district from minister's substation launch at Katjieskop   |
|                                    |                         | R 2,100.00   | 26/03/2014 | Transportation of 310 beneficiaries from their wards to Thusong Centre   |
|                                    | Waltons                 | R 9,066.60   | 31/03/2014 | Only supplier that responded to request for quotation  |
|                                    | Q's Projects            | R 11,700.00  | 10/3/2014  | Catering on short notice for training at Weighbridge   |
|                                    | Conchem salligna        | R 2,039.41   | 13/03/2014 | Only service provider that supply the poison   |
|                                    | ASLA                    | R 6,996.40   | 5/3/2014   | The house is a ASLA construction house and must be repaired  |
|                                    | Henchem                 | R 24,794.20  | 26/03/2014 | Request to provide Orbit outpace super & orbit 200gr   |
|                                    | Youngs Halfway House    | R 15,000.00  | 25/03/2014 | Only service provide that provided a quotation   |
|                                    | Centracell              | R 5,677.55   | 31/03/2014 | Saving cost on telephone system  |
|                                    | Ignite Advisory         | R 60,348.18  | 7/3/2014   | Performance Management Service Provider  |

|         | Services   |  |   |   |
|---------|--|--|---|---|
|         | Die Courier  | R 3,505.50   | 3/3/2014  | Cheapest supplier of funeral books  |
|         | SM Consultants   | R 16,350.00  | 18/03/2014  | Service provider for the distribution of traffic summonses  |
|         | Nyala Communications   | R 3,499.00   | 31/03/2014  | The only service provider for internet services   |
| (d)(v)  | The appointment of any person to provide professional advice or services is less than R200 000 or any greater amount                             | Danielle Studiesentrum<br>Crawfords Attorneys                              | R 76,551.14<br>R 4,560.00   | Reconcile the creditors and stores, it was not practical to obtain other quotations due to time constraints.<br>Local official law practitioner handling the transportations  |
| (d)(i)  | Any contract relating to the publication of notices and advertisements by the municipality   | S.B Naidoo   | R 4,738.98  | Only service provider locally for baliu services  |
| (d)(vi) | ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids. | Die Courier<br>B&B Sweiswerke<br>Tricom Africa<br>Sprinter Zone<br>Hilbert | R 27,826.85<br>R 24,300.00<br>R 2,206.00<br>R 5,802.60<br>R 19,546.00 | Only newspaper circulating in the Central Karoo<br>CZ 4118 - Replacement of wear bars on refuse truck<br>Sole supplier to supply spare parts for spilhaus pump clutch<br>CZ 10707- Tow in from Beaufort to Parow, attend to clutch<br>Test and repair repeaters and antennae of hand radios |

**SUPPLY CHAIN MANAGEMENT QUARTERLY IMPLEMENTATION REPORT: 01 APRIL – 30 JUNE 2014**

In terms of paragraph 1.9 of Council's Supply Chain Management Policy, the Accounting Officer must submit a report on the implementation of the policy to the Executive Mayor, within 10 days after the end of each quarter.

Council has resolved that the Implementation Report must be submitted monthly in order to ensure effective oversight as prescribed in the policy.

**1. Bids Awarded By The Bid Adjudication Committee**

Attached please find as Addendum 1 the report for the quarter of 01 April to 30 June 2014.

**2. Awards to Close Family Members of Persons in the Service of the State**

In terms of the Municipal Supply Chain Management Regulations, Paragraph 45, awards given to close family members of persons in the service of the state, above R2 000 should be disclosed in the notes to the Annual Financial Statements.

| Business                     | Date                                   | Invoice                          | Amount                                     | Interest  |
|------------------------------|--|----------------------------------|--|---|
| Wilma's Catering Services    | 09/04/2014                             | 15047629                         | R 4 000.00                                 | ❖ Brother currently employed as a Councilor at the Beaufort West Municipality.  |
| PJ Sound & Vision            | 17/04/2014<br>03/04/2014               | 15047554<br>15047805             | R 3 700.00<br>R 10 000.00                  | ❖ Son, Mr PJ Julies is employed as vehicle inspection and traffic officer at Beaufort West Municipality.  |
| Van Niekerk Prokureurs       | 01/04/2014<br>16/05/2014               | 15047440<br>15048541             | R 3 074.67<br>R 2 404.91                   | ❖ Husband Mr F Van Niekerk is currently employed at the Department of Education   |
| Beaufort West Luxury Coaches | 08/04/2014<br>17/04/2014<br>15/05/2014 | 15047804<br>15048522             | R 17 340.00<br>R 6 297.00<br>R 3 950.00    | ❖ Son, Warren Johnson is employed at the Beaufort West Municipality. Daughter in law, B Johnson is employed as a traffic officer at Department of Community Safety. |
| L July                       | 08/04/2014                             | 15047577                         | R 2 500.00                                 | ❖ Spouse, P July, is currently employed by the Beaufort West Municipality in Nelspoort.   |
| Karoo Beton werke            | 03/04/2014                             | 15047508                         | R 15 100.00                                | ❖ Spouses, Mr A Swanepoel en Mrs E Klazen are employed with the Department of Correctional Services and Education   |
| Karoo Motors Werkswinkel     | 30/04/2014<br>29/05/2014<br>27/06/2014 | 15048173<br>15048855<br>15049526 | R 88 294.10<br>R 53 072.70<br>R 111 125,92 | ❖ Spouse, Mrs. Anna-Marie van der Merwe is employed with the Department of Health   |

|                        |            |          |            | Services  |
|------------------------|------------|----------|------------|---|
| Karoo Drukkery         | 19/06/2014 | 15049195 | R 9 429,75 | ❖ Wife, Mrs. S Munro is employed at the Department of Health.   |
| Sonneblom Bloemiste    | 26/05/2014 | 15048723 | R 2 500.00 | ❖ Son, Mr H Jack is currently employed at the Beaufort West Municipality on a contract basis.             |
| General Shine Catering | 06/05/2014 | 15048360 | R 30 000   | ❖ Husband, Mr Diedericks, is currently employed by Department of Community Services as a traffic officer. |

### **3. Monthly Report on Deviations and Minor Breaches**

The Supply Chain Management Policy states in Paragraph 10.3.1: "The accounting officer may dispense with the official procurement processes established by this policy and may procure any required goods or services through any convenient process, which may include direct negotiations, but only –

- (b) if such goods or services are produced or available from a single provider only;
- (d) in any other exceptional case where it is impractical or impossible to follow the official procurement processes"

Attached please find a schedule of Deviations approved by the Accounting Officer as Addendum 1. There are no minor breaches to be reported.

In terms of Section 21(a) of the Systems Act the report must also be advertised in the local media and placed on Council's notice boards and website.

**ACTING DIRECTOR: FINANCIAL SERVICE**

## Addendum 1

## BIDS AND FORMAL WRITTEN QUOTATIONS AWARDED BY BID ADJUDICATION COMMITTEE AND DIRECTORS

| Bid #       | Item   | Bids Received   | Bid Amount  | Awarded to                          | Remarks |
|-------------|--|---|---|-------------------------------------|---------|
| SCM 18/2014 | Supply and delivery of one new pad mounted standard type "B" mini substation 400 kva 1100/400 volt | ❖ Electro Inductive Industries<br>❖ Jocastro<br>❖ Actom<br>❖ VE reticulation<br>❖ Powerlec<br>❖ Free state transformers<br>❖ Voltex | ❖ R 317843.04<br>❖ R 353 810.40<br>❖ R 347 136.84<br>❖ R 380 000.00<br>❖ R 369 721.38<br>❖ R 362 200.80<br>❖ R 384 400.00<br>❖ R 347 859.60 | ❖ WVCC Cables                       | None    |
| SCM 19/2014 | Digging of graves Beaufort west Municipality   | ❖ WIM Workers<br>❖ JMG Solutions<br>❖ Q & K projects<br>❖ Verrooy Construction<br>❖ Rwigila Construction<br>❖ Francios Construction | Unit prices   | ❖ Q & K projects                    | None    |
| SCM 20/2014 | Supply and delivery of a hydraulic spiking gun - Electrical  | ❖ Chantmerc Investments cc<br>❖ Sicame SA<br>❖ Flo Specialized Product Solutions  | ❖ R 76 950.00<br>❖ R 67 300.23<br>❖ R 58 500.00   | ❖ Flo Specialized Product Solutions | None    |
| SCM 21/2014 | Supply, delivery and installation of 2 36000 btu mid wall split air conditioners at mimosa hall    | ❖ B-wes Lugreeling & Verkoeling Shore Imports   | ❖ R 43 749.64<br>❖ R 63 206.99  | ❖ B-wes Lugreeling & Verkoeling     | None    |
| SCM 22/2014 | Supply, delivery of IT hardware and software   | ❖ Brilliant computers<br>❖ Juvinon t/a ISM<br>❖ Procon<br>❖ Fisotho<br>❖ Mantella<br>❖ First Techno<br>❖ Dataegra<br>❖ Dooling IT   | ❖ R 74 078.00<br>❖ R 64 715.00<br>❖ R 53 460.30<br>❖ R 95 800.00<br>❖ R 68 165.99<br>❖ R 74 960.70<br>❖ R 75 707.06<br>❖ R 89 194.00        | ❖ Mantella                          | None    |
| SCM 25/2014 | Construction of a 11kv Overhead power line shooting range bore hole pump in Beaufort West          | ❖ MDL Electrical<br>❖ Adenco  | ❖ R 328 369.93<br>❖ R 418 069.04  | ❖ MDL Electrical                    | None    |

| DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR APRIL |                           |              |            |  |
|--|---------------------------|--------------|------------|--|
| APPLICABLE PARAGRAPH IN SCM POLICY                 | SUPPLIERS                 | AMOUNT       | DATE       | REASON FOR DEVIATION   |
| (b) Sole Supplier                                  | BKB                       | R 2,366.60   | 16/04/2014 | Sole supplier that can provide on account Lusen Bale and Corn  |
|  | PG Glass                  | R 6,262.29   | 14/04/2014 | Sole supplier that could supply and install windows at 22 houses   |
|  | Actebis 256 CC            | R 4,970.40   | 22/04/2014 | Sole supplier to remove hazardous waste.   |
|  | B & B Sweiwerke           | R 3,710.00   | 23/04/2014 | Sole supplier that can pull borehole pumps   |
|  | Karoo Fire                | R 2,300.00   | 22/04/2014 | Only service provider locally to supply & service fire extinguishers   |
|  | Karoo Vleisboere          | R 32,031.37  | 22/04/2014 | Sole supplier in Murraysburg that can supply the stock   |
|  | Barloworld Equipment      | R 172,309.38 | 24/04/2014 | Sole supplier for this type of work  |
|  | Beaufort Alarms           | R 4,577.00   | 29/04/2014 | Sole supplier, repair alarm system in Beaufort West  |
|  | Elster Kent Metering      | R 792,014.79 | 2/4/2014   | Sole manufacturer of Elster meters and strainers   |
|  | Karoo Betonwerke          | R 15,100.00  | 8/4/2014   | Sole local manufacturer of concrete products   |
|  | Spectrum Communications   | R 23,590.00  | 3/4/2014   | Sole supplier of Telemetry System  |
|  | Vastrap Grondverksuiwings | R 3,000.00   | 2/4/2014   | Sole supplier in Murraysburg that have a TLB machine   |
|  | PJ Sounds                 | R 10,000.00  | 22/04/2014 | Only available local supplier that could provide stage & sound on short notice.                              |
|  | Art work welding          | R 2,770.00   | 25/04/2014 | Supply and install steel grit in Danie Theron street   |
|  | ED Catering               | R 3,000.00   | 17/04/2014 | Signing of IEC code of conduct, supply refreshments  |
|  | Kivido's Transport        | R 3,800.00   | 23/04/2014 | Transport of passengers from Murraysburg to Beaufort west  |
|  | TMS Haster                | R 6,400.00   | 4/4/2014   | Service provider for franking machine procured   |
|  | NOSA                      | R 21,219.99  | 22/04/2014 | Only supplier in Western Province that specializes in the training   |
|  | Mr G Brooks               | R 2,500.00   | 14/04/2014 | Mr Brooks is the only supplier that can dismantle tents.   |
|  | Penny Pinchers            | R 108,552.42 | 14/04/2014 | Sole local supplier that can supply stock, other suppliers outside Beaufort West charge extra for transport. |

|         |  |             |            |   |
|---------|--|-------------|------------|---|
|         | ignite Advisory Services   | R 62,098.37 | 4/4/2014   | Performance Management Service Provider   |
| (d)(v)  | The appointment of any person to provide professional advice or services is less than R200 000 or any greater amount                             |             |            |   |
|         | Abrahams Kiewiets Attorneys  | R 74,545.00 | 22/04/2014 | CCMA Case of S Moses, legal opinion   |
|         | Danielle studiesentrum   | R 25,450.64 | 23/04/2014 | Consultant - reconciliation of stores & creditors                                 |
|         | S.B Naidoo   | R 3,370.98  | 7/4/2014   | Only service provider locally for bala services                                   |
|         | ignite   | R 68,400.00 | 11/4/2014  | IDP 2014/2015 cycle, urgent submission to Local Gov, review                       |
|         | Crawfords Attorneys  | R 53,317.80 | 11/4/2014  | Local official law practitioner handling the transportations                      |
| (d)(i)  | Any contract relating to the publication of notices and advertisements by the municipality   | R 3,927.07  | 3/4/2014   | Only newspaper circulating in the Central Karoo                                   |
|         | Die Courier  | R 5,750.07  | 7/4/2014   | Advertisement in Die Burger for Notice  |
|         | Media 24   |             |            |   |
| (d)(vi) | ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids. |             |            |   |
|         | Hoistec Engineering  | R 9,684.30  | 22/04/2014 | Sole supplier of Safety inspection and load testing of beams at pump stations.    |
|         |  | R 6,161.70  | 22/04/2014 |   |
|         |  | R 14,563.50 | 22/04/2014 | Need safety certificates, sole supplier on database.                              |
|         | George Lawnmowers  | R 18,733.56 | 22/04/2014 | Supplier that are the nearest to Beaufort West to repair lawnmowers and chainsaws |
|         |  | R 2,190.43  | 22/04/2014 |   |
|         | Hilbert Radios   | R 22,282.44 | 7/4/2014   | Repair repeaters and antennas   |
|         | B-wes rugleerling & Verkoeling   | R 4,161.85  | 22/04/2014 | Inspect and repair air conditioner in Nelspoort                                   |

| DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR MAY |  |                                  |                           |                          |   |
|--|--|----------------------------------|---------------------------|--------------------------|---|
| APPLICABLE PARAGRAPH IN SCM POLICY               |  | SUPPLIERS                        | AMOUNT                    | DATE                     | REASON FOR DEVIATION  |
| (b)  | Sole Supplier  | Elster Kent Metering<br>PG Glass | R 74 102,00<br>R 9 185,49 | 19/05/2014<br>13/05/2014 | Sole manufacturer & supplier of Elster Meters & Strainers<br>Sole supplier that can supply and install windows at 219 houses            |
|  |  | Pressure Sealers                 | R 4 100,00                | 26/05/2014               | Preventative maintenance service & check settings   |
|  |  | Trentyre                         | R 7 652,00                | 30/05/2014               | Sole local supplier that can provide Willard Batteries  |
| (d)  | Any exceptional case where it is impractical or impossible to follow the official procurement processes              | Essop Multisave                  | R 2 345,00                | 12/05/2014               | Supply refreshments for Minister of Rural Development function  |
|  |  |                                  | R 8 680,90                | 12/05/2014               |   |
|  |  |                                  | R 4 867,20                | 16/05/2014               | Only supplier that can supply goods on account  |
|  |  | B&B Sweiswerke                   | R 15 370,00               | 15/05/2014               | Fencing steam station   |
|  |  | N Colyn                          | R 9 535,00                | 16/05/2014               | Fencing Brummer substation  |
|  |  |                                  | R 15 410,00               | 16/05/2014               | Fencing Wimpy mini substation   |
|  |  | Beaufort west Luxury Coaches     | R 3 950,00                | 02/05/2014               | Transport people from Nelspruit to Beaufort West and back for meeting   |
|  |  |                                  | R 17 340,00               | 16/04/2014               | Transport people from Merwerville, Nelspruit and Murraysburg to Beaufort West and back for meeting                                      |
|  |  | Harvey World Travel Group        | R 8 180,00                | 22/05/2014               | Flight ticket for Mayor-Inauguration of President   |
|  |  | Sonneblom Bloemiste              | R 2 500,00                | 14/05/2014               | Supply flowers and décor the Minister of Rural development  |
|  |  |                                  | R 4 206,33                | 14/05/2014               |   |
|  |  |                                  | R 3 392,92                | 14/05/2014               | Only supplier locally that can supply goods. It is not practical to use other suppliers out of town as their delivery cost is high.     |
|  |  | Penny Pinchers                   | R 3 439,79                | 14/05/2014               |   |
|  |  |                                  | R 14 700,00               | 20/05/2014               | Service provider for the distribution of traffic summonses  |
|  |  | SM Consultants                   | R 19 800,00               | 02/05/2014               |   |
| (d)(v)   | The appointment of any person to provide professional advice or services is less than R200 000 or any greater amount | Ignite Advisory Services         | R 13 159,31               | 09/05/2014               | Performance Management Service Provider   |
| (d)(i)   | Any contract relating to the publication of notices and advertisements by the  | D Fortuin<br>Media 24            | R 2 500,00<br>R 6 160,79  | 24/04/2014<br>27/05/2014 | Consulting fee for drawings for pub furniture<br>Newspaper circulating in Western Cape-Advert - SCM 26-2014 upgrading of Pieter Street. |

| municipality |  |                                       |             |            |  |
|--------------|--|---------------------------------------|-------------|------------|--|
| (d)(vi)      | ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids. | Southern Cape Compressed Air Services | R 8 406,36  | 15/05/2014 |  |
|              |  | George Lawnmowers                     | R 3 032,40  | 21/05/2014 | Agent-Service of air compressor  |
|              |  |                                       | R 5 419,10  | 21/05/2014 | Torro Greencutter at Golf course - Strip and repair                    |
|              |  |                                       | R 3 025,50  | 30/05/2014 | Striker kudu Briggs - Strip and repair                                 |
|              |  | Precision Motor Engineers             | R 2 591,78  | 29/05/2014 | Robin HP Washer - Stihl - Strip and repairs                            |
|              |  |                                       | R 19 620,54 | 29/05/2014 | Tricycle Lawnmower - Strip and repairs                                 |
|              |  | Karoo Lugreeling & Verkoeling         | R 2 350,00  | 22/05/2014 | Mobile Welder - Specialized service by Engineers                       |
|              |  |                                       |             |            | Ascertain the problem of air conditioner and repair at traffic offices |

| DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR JUNE   |   |  |  |   |  |
|---|---|--|--|---|--|
| APPLICABLE PARAGRAPH IN SCM POLICY  | SUPPLIERS   | AMOUNT   | DATE   | REASON FOR DEVIATION  |  |
| (b) Sole Supplier   | Trentyre<br>Middleton Geomatics<br>Automotor Traffic signal<br>Lithotech<br>B&B Sweiswerke<br>Karoo Vleisboere Koop   | R 10 326,00<br>R 10 032,00<br>R 4 380,00<br>R 10 200,00<br>R 3 500,00<br>R 9 696,71  | 24/06/2014<br>02/06/2014<br>11/06/2014<br>14/06/2014<br>19/06/2014<br>25/06/2014   | Sole supplier locally that can provide Willard Batteries<br>Relocation of beacons Erf 5298 & 13 Neispoort<br>Manufacturer of traffic controller and repairs<br>Sole supplier for the printing of cheques of Nedbank<br>Pull down boreholes at Kuilspoor<br>Sole supplier in Murraysburg that can supply the stock   |  |
| (c) Any exceptional case where it is impractical or impossible to follow the official procurement processes                 | SM Consultants<br>Pentecostal Church<br>New Fountain Ministries<br>WCC Cables<br>Ubertech<br>Benjamin Bus Services<br>Harvey World Travel<br>Nyala Communications<br>City Security Services | R 12 750,00<br>R 6 800,00<br>R 5 500,00<br>R 10 830,00<br>R 2 371,20<br>R 2 400,00<br>R 5 167,60<br>R 3 499,00<br>R 6 837,00 | 23/06/2014<br>27/06/2014<br>03/06/2014<br>03/06/2014<br>19/06/2014<br>05/06/2014<br>12/06/2014<br>30/06/2014<br>05/06/2014 | Only Taxi operating in Murraysburg that can transport passengers. He transported ward committee members to Beaufort West and back to Murraysburg<br>Service provider for the distribution of traffic summonses<br>Indigent applications was renewed.<br>Install extra bulk meter in the minisub, SCM 18/2014 Tender<br>Appointed i.t.o a service level agreement to provide IT support<br>Transport community members for Minister function Flight ticket for Director Engineering services IMESA conference<br>The only service provider for internet services<br>Security services rendered at Murraysburg Centre<br>Facilitating selecting process and reporting for Director Corporate and Financial Services |  |
| (d)(v) The appointment of any person to provide professional advice or services is less than R200 000 or any greater amount | ODS Consulting CC<br>S.B Naidoo<br>Abrahams Kiewiets Attorneys  | R 62 978,16<br>R 3 095,67<br>R 33 174,00   | 27/06/2014<br>06/06/2014<br>30/06/2014   | Director Corporate and Financial Services<br>Only service provider locally for bajju services<br>Legal fees for contract with Central Karoo Traffic Systems   |  |
| (d)(i) Any contract relating to the publication of notices and advertisements by the municipality                           | Die Courier   | R 17 695,66  | 19/06/2014   | Only newspaper circulating in the Central Karoo   |  |
| (d)(vi) ad-hoc repairs to plant and equipment   | Bwes Precision Engineers  | R 2 374,62   | 09/06/2014   | CZ 6416 - Sole local supplier of specialised repair   |  |

|   |  |                |            |            |  |      |
|---|--|----------------|------------|------------|--|------|
|   |  |                |            |            |  |      |
| ) | equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids. | Short's Nissan | R 3 441,69 | 12/06/2014 | CZ 3697 - Agent - first 5000km service | work |

R 7 068,00 13/06/2014 CZ 7713 - Sole supplier of specialised repair work

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

|    |   | 2014<br>R | 2013<br>R |
|----|---|-----------|-----------|
| 44 | ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED) |           |           |

44.8 Other non-compliance

**MFMA Section 65(2)(b)**

Adequate management, accounting and information system was not in place which accounted for creditors.

**MFMA Section 65(2)(e)**

The municipality had experienced cash flow problems during the year as a result of which creditors were not always paid within 30 days of date of statement or invoice as required.

**MFMA Section 15**

Expenditure was not only incurred in terms of an approved budget and within the limits of the amounts approved for the different votes in an approved budget.

**MFMA Section 165**

The municipality had shortcomings/deviations with regard to the internal audit function.

**MFMA Section 166**

The municipality had shortcomings/deviations with regard to the audit committee.

**MFMA Section 32(4)**

Report pertaining to unauthorised, irregular, fruitless and wasteful expenditure have not been submitted to all relevant parties.

45 CAPITAL COMMITMENTS

**Commitments in respect of capital expenditure:**

Approved and contracted for:

Infrastructure

Total

|                 |                 |
|-----------------|-----------------|
| 3 873 376       | 6 234 976       |
| 3 873 376       | 6 234 976       |
| <hr/> 3 873 376 | <hr/> 6 234 976 |
| <hr/> 3 873 376 | <hr/> 6 234 976 |
| <hr/> 3 873 376 | <hr/> 6 234 976 |

This expenditure will be financed from:

Government Grants

|                 |                 |
|-----------------|-----------------|
| 3 873 376       | 6 234 976       |
| 3 873 376       | 6 234 976       |
| <hr/> 3 873 376 | <hr/> 6 234 976 |

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

46

#### FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

##### (a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

##### (b) Price risk

The municipality is not exposed to price risk.

##### (c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

|  | 2014 | 2013 |
|--|------|------|
|  | R    | R    |

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

|   |          |         |
|---|----------|---------|
| 0.5% (2013 - 0.5%) Increase in interest rates | (30 769) | (2 866) |
| 0.5% (2013 - 0.5%) Decrease in interest rates | 30 769   | 2 866   |

##### (d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

The ageing of amounts past due and not impaired is as follows:

|                    | Non-Exchange<br>Receivables<br>R | Exchange<br>Receivables<br>R |                    |
|--------------------|----------------------------------|------------------------------|--------------------|
| <b>2014</b>        |                                  |                              | <b>Total<br/>R</b> |
| 1 month past due   | 694 551                          | 1 886 692                    | 2 581 243          |
| 2 + month past due | -                                | 7 523 307                    | 7 523 307          |
| <b>Total</b>       | <b>694 551</b>                   | <b>9 409 999</b>             | <b>10 104 551</b>  |
| <br><b>2013</b>    |                                  |                              |                    |
| 1 month past due   | 1 072 073                        | 995 389                      | 2 067 462          |
| 2 + month past due | -                                | 8 510 135                    | 8 510 135          |
| <b>Total</b>       | <b>1 072 073</b>                 | <b>9 505 524</b>             | <b>10 577 597</b>  |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

46

FINANCIAL RISK MANAGEMENT (CONTINUED)

All rates and services are payable within 30 days from invoice date. Refer to note 19 and 20 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

Balances past due not impaired:

|                                 | 2014<br>% | 2014<br>R | 2013<br>% | 2013<br>R |
|---------------------------------|-----------|-----------|-----------|-----------|
| <u>Non-Exchange Receivables</u> |           |           |           |           |
| Rates                           | 0.00%     | 694 551   | 0.00%     | 1 072 073 |
| <u>Exchange Receivables</u>     |           |           |           |           |
| Electricity                     | 0.00%     | -         | 0.00%     | -         |
| Water                           | 4.30%     | 404 911   | 0.04%     | 4 255     |
| Refuse                          | 16.33%    | 1 536 907 | 12.41%    | 1 179 419 |
| Sewerage                        | 21.11%    | 1 986 266 | 13.63%    | 1 295 419 |
| Housing Rentals                 | 0.28%     | 26 103    | 0.31%     | 29 537    |
| Other                           | 57.98%    | 5 455 813 | 73.61%    | 6 996 894 |
|                                 | 100.00%   | 9 409 999 | 100.00%   | 9 505 524 |

No receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 19 & 20 of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

|                                 | 2014<br>% | 2014<br>R  | 2013<br>% | 2013<br>R  |
|---------------------------------|-----------|------------|-----------|------------|
| <u>Non-Exchange Receivables</u> |           |            |           |            |
| Rates                           | 13.32%    | 3 835 562  | 100.00%   | 4 300 688  |
| Fines                           | 86.68%    | 24 985 433 | 0.00%     | -          |
|                                 | 100.00%   | 28 800 995 | 100.00%   | 4 300 688  |
| <u>Exchange Receivables</u>     |           |            |           |            |
| Electricity                     | 14.63%    | 4 491 409  | 12.62%    | 3 612 773  |
| Water                           | 8.80%     | 2 701 796  | 6.80%     | 1 946 068  |
| Refuse                          | 13.57%    | 4 164 179  | 11.62%    | 3 325 578  |
| Sewerage                        | 19.46%    | 5 973 477  | 15.12%    | 4 327 025  |
| Housing Rentals                 | 0.21%     | 64 812     | 0.25%     | 71 874     |
| Other                           | 43.32%    | 13 297 898 | 53.58%    | 15 333 831 |
|                                 | 100.00%   | 30 693 572 | 100%      | 28 617 149 |

Bad debts written off per debtor class:

|                                 |         |         |         |           |
|---------------------------------|---------|---------|---------|-----------|
| <u>Non-Exchange Receivables</u> |         |         |         |           |
| Rates                           | 0.00%   | -       | 0.00%   | -         |
| <u>Exchange Receivables</u>     |         |         |         |           |
| Services                        | 100.00% | 910 704 | 100.00% | 7 461 979 |
| Other                           | 0.00%   | -       | 0.00%   | -         |
|                                 | 100.00% | 910 704 | 100.00% | 7 461 979 |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

46

FINANCIAL RISK MANAGEMENT (CONTINUED)

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at the Statement of Financial Position date for impairment.

|   | 2014<br>R        | 2013<br>R        |
|---|------------------|------------------|
| Financial assets exposed to credit risk at year end are as follows: |                  |                  |
| Long term receivables   | 3 676 587        | 1 621 507        |
| Trade receivables and other receivables                             | 30 088 011       | 22 974 576       |
| Cash and Cash Equivalents   | 11 937 136       | 18 097 679       |
| Unpaid conditional grants and subsidies                             | 670 378          | 912 408          |
|   | <hr/> 46 372 112 | <hr/> 43 606 170 |

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

|  | Less than 1 year | Between 1 and 5 years |                  | Between 5 and 30 years |
|--|------------------|-----------------------|------------------|------------------------|
|  |                  | 2014                  | 2013             |                        |
| Long Term liabilities                              | 5 140 312        | 11 693 253            | 11 173 707       |                        |
| Capital repayments                                 | 3 476 271        | 7 623 652             | 6 978 891        |                        |
| Interest   | 1 664 041        | 4 069 601             | 4 194 816        |                        |
| Trade and Other Payables                           | 21 527 811       | -                     | -                |                        |
| Unspent conditional government grants and receipts | 6 465 185        | -                     | -                |                        |
|  | <hr/> 33 133 308 | <hr/> 11 693 253      | <hr/> 11 173 707 |                        |
| 2013   |                  |                       |                  |                        |
| Long Term liabilities                              | 4 478 185        | 11 303 059            | 12 951 299       |                        |
| Capital repayments                                 | 2 808 681        | 6 735 305             | 7 968 085        |                        |
| Interest   | 1 669 504        | 4 567 754             | 4 983 215        |                        |
| Trade and Other Payables                           | 21 887 573       | -                     | -                |                        |
| Unspent conditional government grants and receipts | 6 861 736        | -                     | -                |                        |
|  | <hr/> 33 227 494 | <hr/> 11 303 059      | <hr/> 12 951 299 |                        |

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

|  |   | 2014<br>R             | 2013<br>R         |
|--|---|-----------------------|-------------------|
| <b>47</b>  | <b>FINANCIAL INSTRUMENTS</b>            |                       |                   |
| In accordance with GRAP 104 the financial instruments of the municipality are classified as follows: |   |                       |                   |
| The fair value of financial instruments approximates the amortised costs as reflected below.         |   |                       |                   |
| <b>47.1</b>  | <b>Financial Assets</b>                 | <b>Classification</b> |                   |
| <b>Long-term Receivables</b>   |   |                       |                   |
| Receivables with arrangements  | Financial instruments at amortised cost | 3 676 587             | 1 621 507         |
| <b>Consumer Debtors</b>  |   |                       |                   |
| Trade receivables from exchange transactions   | Financial instruments at amortised cost | 8 568 018             | 6 542 531         |
| Other receivables from exchange transactions   | Financial instruments at amortised cost | 6 549 711             | 7 552 484         |
| Other receivables from non-exchange transactions   | Financial instruments at amortised cost | 14 970 281            | 8 879 561         |
| <b>Unpaid Conditional Grants and Receipts</b>  |   |                       |                   |
| Other Spheres of Government  | Financial instruments at amortised cost | 670 378               | 912 408           |
| <b>Short-term Investment Deposits</b>  |   |                       |                   |
| Call Deposits  | Financial instruments at amortised cost | 9 332 328             | 16 811 803        |
| <b>Bank Balances and Cash</b>  |   |                       |                   |
| Bank Balances  | At amortised cost                       | 2 592 738             | 1 273 546         |
| Cash Floats and Advances   | Financial instruments at amortised cost | 12 070                | 12 330            |
|  |   | <b>46 372 112</b>     | <b>43 606 170</b> |
| <b>SUMMARY OF FINANCIAL ASSETS</b>   |   |                       |                   |
| Financial instruments at amortised cost  |   | <b>46 372 112</b>     | <b>43 606 170</b> |
| <b>47.2</b>  | <b>Financial Liability</b>              | <b>Classification</b> |                   |
| <b>Long-term Liabilities</b>   |   |                       |                   |
| Annuity Loans  | Financial instruments at amortised cost | 12 028 203            | 13 540 045        |
| Capitalised Lease Liability  | Financial instruments at amortised cost | 2 574 372             | 1 163 349         |
| <b>Trade Payables</b>  |   |                       |                   |
| Trade creditors  | Financial instruments at amortised cost | 20 374 174            | 20 843 901        |
| <b>Unspent Conditional Grants and Receipts</b>   |   |                       |                   |
| Other Spheres of Government  | Financial instruments at amortised cost | 7 135 563             | 7 774 144         |
| Public Contributions   | Financial instruments at amortised cost | 139 052               | -                 |
| <b>Bank Balances and Cash</b>  |   |                       |                   |
| Bank Balances  | Financial instruments at amortised cost | -                     | -                 |
| <b>Current Portion of Long-term Liabilities</b>  |   |                       |                   |
| Annuity Loans  | Financial instruments at amortised cost | 1 516 227             | 1 877 333         |
| Capitalised Lease Liability  | Financial instruments at amortised cost | 1 960 044             | 931 348           |
|  |   | <b>45 727 635</b>     | <b>46 130 120</b> |
| <b>SUMMARY OF FINANCIAL LIABILITY</b>  |   |                       |                   |
| Financial instruments at amortised cost  |   | <b>45 727 635</b>     | <b>46 130 120</b> |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

48 EVENTS AFTER THE REPORTING DATE

The municipality did not have any event after the reporting date.

49 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

50 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

51 CONTINGENT LIABILITY

The following guarantees also qualify as contingent liabilities:

| NAME / REG NO | GUARANTEE ISSUED TO                                  | 2014 R         | 2013 R         |
|---------------|--|----------------|----------------|
| ABSA/227      | Eskom: Supply Electricity - Nelspoort                | 41 000         | 41 000         |
| 1165040859    | Eskom  | 34 500         | 34 500         |
| ABSA Bank     | South African Post Office                            | 50 000         | 50 000         |
| ABSA/237      | Dept. of Mineral & Energy - Rehabilitation of Quarry | -              | 6 000          |
| <b>Total</b>  |  | <b>125 500</b> | <b>131 500</b> |

52 CONTINGENT ASSETS

| BANK / FIRM  | PURPOSE   | REG NO           |         |                  |
|--|---|------------------|---------|------------------|
| First National Bank  | Electricity supply  | 147              | 2 020   | 2 020            |
| FNB/Shoprite   | Electricity Supply  | 88               | 12 265  | 12 265           |
| FNB/Ackemans   | Electricity Supply  | 91               | 2 080   |                  |
| Lombard Insurance Group/AGMS   | Housing Project: Merweville   | 248              | 210 450 | 210 450          |
| Lombard Insurance Group/SWANSA   | Reclamation Plant   | 261              | 260 068 | 260 068          |
| Lombard Insurance Group  | Construction of detention dam in Hillside Phase 1   | 273              | 915 693 | 915 693          |
| Investec Private Bank/SA Tolling                                       | Tend DID01/2008&Corp13/2008   | 264              | -       | 3 056 000        |
|  |   |                  |         |                  |
| Nedbank obo Mabungwe Siviéle Kontrakteurs: Guarantee No: 285/320654/05 | Notice No. 52 /2012 : Tender scm 35/2012 : Construction of pressure reducing system in BW. Phase W&E Service Erf no. 7401 (BW Mall) | 280              | -       | 179 760          |
| ABSA Bank  |   | 270              | 222 000 | 222 000          |
| Renasa Insurance Company LTD   | 30 Meter High Mast Pole - Floodlighting   | 266              | 853 876 | 853 876          |
| Rand Merchant Bank   | Upgrading boreholes for water supply Murraysburg  | 283              | 92 410  | -                |
| Fusion Guarantee   | Upgrading of Ebenezer Avenue Beaufort West  | 284              | 356 873 | -                |
| Rand Merchant Bank   | Bulk water supply for Nelspoort   | 285              | 155 020 | -                |
| <b>Total</b>   |   | <b>3 082 755</b> |         | <b>5 714 212</b> |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

53 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

53.1 Related Party Transactions

|  | Service Charges                                 |   | Other - Levied 1<br>July 2013 - 30<br>June 2014 | Outstanding<br>Balances 30<br>June 2014 |
|--|---|---|---|---|
|  | Rates - Levied 1<br>July 2013 - 30<br>June 2014 | - Levied 1 July<br>2013 - 30 June<br>2014 |   |   |
| <b>Year ended 30 June 2014</b>                           |   |   |   |   |
| <b>Councillors</b>                                       |   |   |   |   |
| Councillor D Slabbert (010137/011832)                    | 22 971  | 149 593                                   | 3 013   | 12 273                                  |
| Councillor D Slabbert (028981/031495)                    | 4 524   | 14 622                                    | 1   | 1 376                                   |
| Councillor DE Weigemoed (012158/012159)                  | 323   | 2 683                                     | -   | 3 109                                   |
| Councillor G de Vos (014633/014634)                      | 6 573   | 36 595                                    | 11  | 3 334                                   |
| Councillor G de Vos (014914/014634)                      | 4 350   | 23 804                                    | -   | -                                       |
| Councillor GP Adolph (021180/032194)                     | -   | 7 704                                     | -   | 642                                     |
| Councillor HT Prince(009892/010957)                      | 625   | 2 011                                     | -   | -                                       |
| Councillor HT Prince(010956/010957)                      | -   | 16 405                                    | -   | -                                       |
| Councillor HT Prince(007782/010957)                      | 3 446   | 22 996                                    | -   | -                                       |
| Councillor L Deyce (510271/000768)                       | -   | 4 977                                     | -   | -                                       |
| Councillor M Furness (023379/023380)                     | 837   | 1 074                                     | -   | 437                                     |
| Councillor R van der Linde (020002/020003)               | 194   | 7 179                                     | -   | 884                                     |
| Councillor R van der Linde (070128/020003)               | 1 905   | 4 470                                     | -   | -                                       |
| Councillor SM Motsaane (022661/022662)                   | -   | -   | 3 000   | 250                                     |
| Councillor PA Jacobs (024348/024349) Resigned 31/08/2013 | 195   | 3 952                                     | -   | 552                                     |
|  | -   | 1 122                                     | -   | 1 689                                   |
| <b>Municipal Manager and Section 57 Employees</b>        |   |   |   |   |
| Municipal Manager : J Booyens(020051/020052)             | 26 604  | 57 708                                    | -   | 1 445                                   |
| Municipal Manager : J Booyens(010964/032381)             | -   | 1 054                                     | -   | -                                       |
| Municipal Manager : J Booyens(004922/032381)             | 2 218   | 18 488                                    | -   | -                                       |
| Director : A Makendiana (012180/029959)                  | 876   | 2 298                                     | -   | -                                       |
| Director : R van Staden (011989/011990)                  | 7 042   | 1 660                                     | -   | -                                       |
| Director : JCL Smit (011486/011487)                      | 8 485   | 5 420                                     | -   | -                                       |
| Director : NE Mfundisi (036117/040042) Resigned 31/10/14 | 7 982   | 28 224                                    | -   | 524                                     |
|  | -   | 564                                       | -   | 921                                     |

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

53.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 17 to the Annual Financial Statements.

53.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 27 to the Annual Financial Statements.

53.4 Other related party transactions

The following purchases were made during the year where Councillors or Management have an interest:

| <u>Councillor/Staff Member</u>  | <u>Entity</u> |
|---|---------------|
| Mr. T Prince (a council member of the Beaufort West Municipality) is the president of Beaufort West Local Football Association. The property on which the Football Association is built belongs to the municipality and is leased to the Football Association at an annual amount of R36,000. At 30 June 2014 an amount of R180 036 was outstanding in respect of the lease payments. |               |

## BEAUFORT WEST MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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#### FINANCIAL SUSTAINABILITY

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

##### Financial Indicators

The current ratio increased to 1.07:1 from 1.05:1 in the prior year.

The municipality have budgeted for a surplus of R15 373 356 for the 2013/2014 financial year. The municipality is also budgeting for net surpluses of R11 625 000 and R3 320 000 for 2014/2015 and 2015/2016 respectively.

The average debtors' payment days increased to 295 days from 199 days.

A bank overdraft facility is utilised amounting to R 5 000 000.

The outstanding balances in respect of external loans amounts to R13 544 430 (2013 - R15 417 375)

##### Other Indicators

Possible outflow of resources due the contingent liability disclosed in note 51

APPENDIX A -Unaudited  
BEAUFORT WEST LOCAL MUNICIPALITY  
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

| EXTERNAL LOANS                    | Rate  | Institution   | Loan Number   | Term       | Balance at 30 June 2013 | Correction of Error | Balance at 30 June 2013 Restated | Received during the period | Redeemed within off the period | Balance at 30 June 2014 |            |
|-----------------------------------|-------|---------------|---------------|------------|-------------------------|---------------------|----------------------------------|----------------------------|--------------------------------|-------------------------|------------|
|                                   |       |               |               |            |                         |                     |                                  |                            |                                | R                       | R          |
| <b>ANNUITY LOANS</b>              |       |               |               |            |                         |                     |                                  |                            |                                |                         |            |
| General                           | 10.5% | DBSA STANDARD | 101257/1      | 2019/12/31 | 989 516                 | -                   | 989 516                          | -                          | -                              | 113 024                 | 876 492    |
| Tata Truck 2 Ton CZ 6388          | 8.8%  | DBSA STANDARD | 73702013/0003 | 2016/08/31 | 107 056                 | -                   | 107 056                          | -                          | -                              | 30 716                  | 76 340     |
| Tractor CZ 17798                  | 10.8% | DBSA STANDARD | 73702013/0004 | 2014/06/30 | 35 210                  | -                   | 35 210                           | -                          | -                              | 35 210                  | -          |
| Case Tractor 2WD CZ 6311          | 8.8%  | FNB           | 2012/0001     | 2017/06/01 | 116 835                 | -                   | 116 835                          | -                          | -                              | 33 521                  | 83 314     |
| Upgr. Fencing & Alarm System      | 9.7%  | FNB           | 2012/0002     | 2017/06/01 | 111 521                 | -                   | 111 521                          | -                          | -                              | 23 682                  | 87 839     |
| Caterpillar Digger/Loader CZ 5169 | 9.7%  | FNB           | 2012/0003     | 2017/06/01 | 508 033                 | -                   | 508 033                          | -                          | -                              | 400 067                 | 400 067    |
| Sod Cutter                        | 9.7%  | FNB           | 2012/0004     | 2017/06/01 | 23 656                  | -                   | 23 656                           | -                          | -                              | 4 998                   | 18 638     |
| Lawn Mower Tractor Attached       | 9.7%  | FNB           | 2012/0004     | 2017/06/01 | 22 358                  | -                   | 22 358                           | -                          | -                              | 4 723                   | 17 635     |
| Lawn Mower Golf Course            | 9.7%  | FNB           | 2012/0005     | 2017/06/01 | 8 181                   | -                   | 8 181                            | -                          | -                              | 1 930                   | 6 251      |
| Sewerage Farm Merweville          | 6.8%  | DBSA          | 103454/2      | 2025/06/30 | 2 338 702               | -                   | 2 338 702                        | -                          | -                              | 2 198 516               | -          |
| Case Tractor CZ 7397              | 9.7%  | FNB           | 2012/0006     | 2017/06/01 | 131 800                 | -                   | 131 800                          | -                          | -                              | 27 991                  | 103 809    |
| Tata Truck 2 Ton Tipper CZ 55339  | 9.7%  | FNB           | 2012/0007     | 2017/06/01 | 138 556                 | -                   | 138 556                          | -                          | -                              | 29 439                  | 109 117    |
| Refuse Truck CZ 3484              | 10.9% | DBSA          | 103456/3      | 2017/06/30 | 593 718                 | -                   | 593 718                          | -                          | -                              | 125 786                 | 467 932    |
| Archimedes Sewerage Pump          | 9.7%  | FNB           | 2012/0008     | 2017/06/01 | 235 602                 | -                   | 235 602                          | -                          | -                              | 50 053                  | 185 549    |
| Electricity                       | 12.0% | DBSA          | 9055          | 2013/09/30 | 468 314                 | -                   | 468 314                          | -                          | -                              | 468 314                 | -          |
| Load control syst RB/25/98 IT/2   | 14.0% | DBSA          | 10819         | 2019/03/31 | 1 484 780               | -                   | 1 484 780                        | -                          | -                              | 1 484 780               | 1 295 277  |
| Dyna Cherry Picker CZ 4930        | 9.5%  | ABSA          | 80345235      | 2015/11/01 | 236 745                 | -                   | 236 745                          | -                          | -                              | 145 297                 | -          |
| Compressor CZ 4860                | 9.5%  | ABSA          | 80184277      | 2013/10/01 | 95 493                  | -                   | 95 493                           | -                          | -                              | 57 133                  | -          |
| Truck with crane CZ 2954          | 10.9% | DBSA          | 103454/3      | 2017/06/30 | 465 323                 | -                   | 465 323                          | -                          | -                              | 366 731                 | -          |
| Toyota Hilux 2L CZ 10975          | 8.6%  | STANDARD      | 73702013/0001 | 2016/07/31 | 52 022                  | -                   | 52 022                           | -                          | -                              | 36 637                  | -          |
| 20kVA Transformer                 | 10.9% | DBSA          | 103464/1      | 2029/07/31 | 4 296 979               | -                   | 4 296 979                        | -                          | -                              | 4 195 675               | -          |
| Farm Harvester                    | 10.9% | DBSA          | 103464/1      | 2029/07/31 | 1 903 179               | -                   | 1 903 179                        | -                          | -                              | 44 792                  | 1 858 387  |
| Pressure Control System           | 10.0% | DBSA          | 103464/1      | 2013/07/01 | 611 415                 | -                   | 611 415                          | -                          | -                              | 14 449                  | 596 986    |
| Isuzu LD V CZ 5929                | 8.8%  | STANDARD      | 738864507     | 2016/07/31 | 2 311                   | -                   | 2 311                            | -                          | -                              | 2 311                   | -          |
| Trailer CZ 6253                   | 9.7%  | FNB           | 2012/0009     | 2017/06/01 | 18 016                  | -                   | 18 016                           | -                          | -                              | 5 329                   | 12 687     |
| Telemetry System                  | 9.7%  | FNB           | 2012/010      | 2017/06/01 | 317 605                 | -                   | 317 605                          | -                          | -                              | 67 496                  | 250 109    |
| Water Purification Fencing        | 9.7%  | FNB           |               |            | 124 452                 | -                   | 124 452                          | -                          | -                              | 26 440                  | 98 012     |
| Total Annuity Loans               |       |               |               |            | 15 417 378              | -                   | 15 417 378                       | -                          | -                              | 1 872 947               | 13 564 430 |

APPENDIX A - Unaudited  
BEAUFORT WEST LOCAL MUNICIPALITY  
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

| EXTERNAL LOANS                           | Rate   | Institution | Loan Number | Term                       | Balance at 30 June 2013 |         | Correction of Error | Balance at 30 June 2013 Restated |   | Received during the period | Balance at 30 June 2014 |   |
|--|--------|-------------|-------------|----------------------------|-------------------------|---------|---------------------|----------------------------------|---|----------------------------|-------------------------|---|
|  |        |             |             |                            | R                       | R       |                     | R                                | R |                            | R                       | R |
| <b>LEASE LIABILITY</b>                   |        |             |             |                            |                         |         |                     |                                  |   |                            |                         |   |
| CZ 4548 Toyota Corolla 1.3 Impact        | 11.98% |             |             | Housing Office             | 2013/09/30              | 10 205  |                     | 10 205                           |   |                            | 10 205                  |   |
| CZ 4557 Toyota Corolla 1.3 Impact        | 11.98% |             |             | Dir: Traffic Services      | 2013/09/30              | 10 205  |                     | 10 205                           |   |                            | 10 205                  |   |
| CZ 4560 Toyota Corolla 1.3 Impact        | 12.01% |             |             | Dir: Community Services    | 2013/09/30              | 12 066  |                     | 12 066                           |   |                            | 12 066                  |   |
| CZ 4561 Toyota Corolla 1.3 Impact        | 12.01% |             |             | Dir: Traffic Services      | 2013/09/30              | 12 437  |                     | 12 437                           |   |                            | 12 437                  |   |
| CZ 4554 Toyota Corolla 1.3 Impact        | 12.01% |             |             | Dir: Traffic Services      | 2013/09/30              | 12 437  |                     | 12 437                           |   |                            | 12 437                  |   |
| CZ 4741 Toyota Hilux 2.5 D-4D PU S/C     | 12.09% |             |             | Street works & Storm Water | 2013/09/30              | 13 740  |                     | 13 740                           |   |                            | 13 740                  |   |
| CZ 4584 Toyota Hilux 2.5 D-4D PU S/C     | 12.09% |             |             | Recreation Sites           | 2013/09/30              | 13 740  |                     | 13 740                           |   |                            | 13 740                  |   |
| CZ 4567 Toyota Hilux 2.5 D-4D PU S/C     | 12.04% |             |             | Dir: Community Services    | 2013/09/30              | 13 967  |                     | 13 967                           |   |                            | 13 957                  |   |
| CZ 4566 Toyota Hilux 2.5 D-4D PU S/C     | 12.04% |             |             | Street works & Storm Water | 2013/09/30              | 13 957  |                     | 13 957                           |   |                            | 13 957                  |   |
| CZ 4754 Toyota Hilux 2.5 D-4D PU S/C     | 11.99% |             |             | Water Purification         | 2013/09/30              | 14 426  |                     | 14 426                           |   |                            | 14 426                  |   |
| CZ 4746 Toyota Hilux 2.5 D-4D PU S/C     | 11.99% |             |             | Dir: Traffic Services      | 2013/10/31              | 14 426  |                     | 14 426                           |   |                            | 14 426                  |   |
| CZ 4336 Toyota Hilux 2.5 D-4D PU S/C     | 12.13% |             |             | Street works & Storm Water | 2013/10/31              | 18 952  |                     | 18 952                           |   |                            | 18 953                  |   |
| CZ 4738 Toyota Hilux 2.5 D-4D PU S/C     | 12.06% |             |             | Municipal Buildings        | 2013/11/30              | 18 682  |                     | 18 682                           |   |                            | 18 682                  |   |
| CZ 4743 Toyota Hilux 2.5 D-4D PU S/C     | 12.06% |             |             | Water Purification         | 2013/11/30              | 18 682  |                     | 18 682                           |   |                            | 18 682                  |   |
| CZ 6725 LDV TOYOTA MP4001                | 9.00%  |             |             | Dir: Traffic Services      | 2014/10/13              | 58 680  |                     | 58 680                           |   |                            | 46 412                  |   |
| CZ 8340 ISUZU KB250D FLETSIDE A/C PU S/C | 9.00%  |             |             | Dir: Engineers Services    | 2014/09/30              | 29 420  |                     | 29 420                           |   |                            | 23 269                  |   |
| CZ 8341 ISUZU KB250D FLETSIDE A/C PU S/C | 8.50%  |             |             | Dir: Corporate Services    | 2014/08/31              | 69 459  |                     | 69 459                           |   |                            | 59 086                  |   |
| CZ 8342 ISUZU KB250D FLETSIDE A/C PU S/C | 8.50%  |             |             | Street works & Storm Water | 2016/02/28              | 126 142 |                     | 126 142                          |   |                            | 82 143                  |   |
| CZ 8343 ISUZU KB250D FLETSIDE A/C PU S/C | 8.50%  |             |             | Water Reclimation          | 2016/02/28              | 130 484 |                     | 130 484                          |   |                            | 84 860                  |   |
| CZ 8344 ISUZU KB250D FLETSIDE A/C PU S/C | 8.50%  |             |             | Municipal Buildings        | 2016/02/28              | 126 140 |                     | 126 140                          |   |                            | 82 142                  |   |
| CZ 8345 ISUZU KB250D FLETSIDE A/C PU S/C | 8.50%  |             |             | Water Reclimation          | 2016/02/28              | 126 139 |                     | 126 139                          |   |                            | 82 141                  |   |
| CZ 8408 ISUZU KB250D FLETSIDE A/C PU S/C | 8.50%  |             |             | Reclimation High           | 2016/04/30              | 134 321 |                     | 134 321                          |   |                            | 90 547                  |   |
| CZ 8410 ISUZU KB250D FLETSIDE A/C PU S/C | 8.50%  |             |             | Recreation Sites           | 2016/04/30              | 123 985 |                     | 123 985                          |   |                            | 80 179                  |   |
| CZ 8414 ISUZU KB250D FLETSIDE A/C PU S/C | 8.50%  |             |             | Dir: Engineers Services    | 2016/04/30              | 118 989 |                     | 118 989                          |   |                            | 38 777                  |   |
| CZ 8415 ISUZU KB250D FLETSIDE A/C PU S/C | 8.50%  |             |             | Water Reclimation          | 2016/04/30              | 134 325 |                     | 134 325                          |   |                            | 43 775                  |   |
| CZ 8418 ISUZU KB250D FLETSIDE A/C PU S/C | 8.50%  |             |             | Water Reclimation          | 2016/04/30              | 134 328 |                     | 134 328                          |   |                            | 43 776                  |   |
| CZ 8419 ISUZU KB250D FLETSIDE A/C PU S/C | 8.50%  |             |             | Water Reclimation          | 2016/04/30              | 139 061 |                     | 139 061                          |   |                            | 43 998                  |   |
| CZ 8421 TOYOTA YARIS ZEN3 ACS            | 8.50%  |             |             | Dir: Financial Services    | 2016/04/30              | 93 862  |                     | 93 862                           |   |                            | 43 774                  |   |
| CZ 8422 TOYOTA YARIS ZEN3 ACS            | 9.00%  |             |             | Building Control           | 2016/04/30              | 93 864  |                     | 93 864                           |   |                            | 44 806                  |   |
| Machine Photocopy Kyocera FS-2128        | 9.00%  |             |             | Thusong Centre             | 2016/07/31              | 64 005  |                     | 64 005                           |   |                            | 45 719                  |   |
| PABX TELEPHONE SYSTEM                    | 9.00%  |             |             | Thusong Centre             | 2016/03/30              | 83 733  |                     | 83 733                           |   |                            | 24 665                  |   |
| CCTV CAMERAS                             | 20.50% |             |             | Thusong Centre             | 2016/03/30              | 38 238  |                     | 38 238                           |   |                            | 59 068                  |   |
| CCTV CAMERAS                             | 9.00%  |             |             | Dir: Financial Services    | 2015/07/30              | 25 596  |                     | 25 596                           |   |                            | 10 903                  |   |
| CZ 2078 ISUZU KB250D FLETSIDE A/C PU S/C | 8.50%  |             |             | Thusong Centre             | 2014/07/30              | 32 271  |                     | 32 271                           |   |                            | 27 335                  |   |
| CZ 2477 ISUZU KB250D FLETSIDE A/C PU S/C | 8.50%  |             |             | Street works & Storm Water | 2016/09/30              |         |                     |                                  |   |                            | 2 623                   |   |
| CZ 4155 ISUZU KB250D FLETSIDE A/C PU S/C | 8.50%  |             |             | Murrayburg Refuse Removal  | 2015/09/30              |         |                     |                                  |   |                            | 110 398                 |   |
| CZ 8884 ISUZU KB250D FLETSIDE A/C PU S/C | 8.50%  |             |             | Street works & Storm Water | 2016/09/30              |         |                     |                                  |   |                            | 32 365                  |   |
| CZ 8685 ISUZU KB250D FLETSIDE A/C PU S/C | 8.50%  |             |             | Water Reclimation          | 2016/09/30              |         |                     |                                  |   |                            | 34 728                  |   |
| CZ 8686 ISUZU KB250D FLETSIDE A/C PU S/C | 8.50%  |             |             | Street works & Storm Water | 2016/09/30              |         |                     |                                  |   |                            | 118 438                 |   |
| CZ 8887 ISUZU KB250D FLETSIDE A/C PU S/C | 8.50%  |             |             | Dir: Traffic Services      | 2016/09/30              |         |                     |                                  |   |                            | 144 215                 |   |
| CZ 5753 SEDAN TOYOTA ETIOS               | 8.50%  |             |             | Dir: Traffic Services      | 2016/09/30              |         |                     |                                  |   |                            | 130 525                 |   |
| CZ 5136 SEDAN TOYOTA ETIOS               | 8.50%  |             |             | Dir: Traffic Services      | 2016/09/30              |         |                     |                                  |   |                            | 138 325                 |   |
| CZ 6192 SEDAN TOYOTA ETIOS               | 8.50%  |             |             | Water Purification         | 2016/06/30              |         |                     |                                  |   |                            | 27 777                  |   |
| CZ 8863 ISUZU KB250D FLETSIDE A/C PU S/C | 8.50%  |             |             | Water Purification         | 2016/11/30              |         |                     |                                  |   |                            | 125 276                 |   |
| CZ 1096 ISUZU KB250D LED FLEETSIDE PU S  | 8.50%  |             |             | Street works & Storm Water | 2016/10/30              |         |                     |                                  |   |                            | 129 276                 |   |
| CZ 6386 ISUZU KB250D LED FLEETSIDE PU S  | 8.50%  |             |             | Recreation Sites           | 2016/10/30              |         |                     |                                  |   |                            | 122 426                 |   |
| CZ 4898 ISUZU KB250D LED FLEETSIDE PU S  | 8.50%  |             |             | Dir: Traffic Services      | 2016/10/30              |         |                     |                                  |   |                            | 115 256                 |   |
| CZ 2296 ISUZU KB250D LED FLEETSIDE PU S  | 8.50%  |             |             | Water Purification         | 2016/10/30              |         |                     |                                  |   |                            | 104 316                 |   |
| CZ 1461 ISUZU KB250D LED FLEETSIDE PU S  | 8.50%  |             |             | Fire Brigade               | 2016/10/30              |         |                     |                                  |   |                            | 125 567                 |   |
| CZ 8728 SEDAN TOYOTA ETIOS               | 8.50%  |             |             | Refuse Removal             | 2016/10/30              |         |                     |                                  |   |                            | 34 961                  |   |
| CZ 6743 ISUZU KB250D LED FLEETSIDE PU S  | 8.50%  |             |             | Housing Office             | 2016/11/30              |         |                     |                                  |   |                            | 101 628                 |   |
| CZ 3697 TRUCK NISSAN UD 90B F/C/C        | 8.50%  |             |             | Water Purification         | 2016/11/30              |         |                     |                                  |   |                            | 28 808                  |   |
| MACHINE PHOTOCOPY RICOH MP2501spf        | 8.50%  |             |             | Refuse Removal             | 2017/03/30              |         |                     |                                  |   |                            | 1 020 105               |   |
|  |        |             |             | Dir: Financial Services    | 2017/03/30              |         |                     |                                  |   |                            | 1 346                   |   |
|  |        |             |             |                            |                         |         |                     |                                  |   |                            | 16 883                  |   |

APPENDIX A - Unaudited  
 BEAUFORT WEST LOCAL MUNICIPALITY  
 SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

| EXTERNAL LOANS                          | Rate  | Institution | Loan Number             | Term       | Balance at 30 June 2013 | Correction of Error | Balance at 30 June 2013 Restated | Received during the period | Redeemed written off during the period | Balance at 30 June 2014 |
|---|-------|-------------|-------------------------|------------|-------------------------|---------------------|----------------------------------|----------------------------|--|-------------------------|
| MACHINE PHOTOCOPY RICOH MP2501spf       | 8.50% |             | Dir: Financial Services | 2017/03/30 |                         |                     |                                  |                            |  | 1 346                   |
| MACHINE PHOTOCOPY RICOH MP2501spf       | 8.50% |             | Kwa Mandenkoski Office  | 2017/03/30 |                         |                     |                                  |                            |  | 1 346                   |
| MACHINE PHOTOCOPY RICOH MP2501spf       | 8.50% |             | Dir: Financial Services | 2017/03/30 |                         |                     |                                  |                            |  | 1 346                   |
| MACHINE PHOTOCOPY RICOH MP2501spf       | 8.50% |             | Dir: Traffic Services   | 2017/03/30 |                         |                     |                                  |                            |  | 1 346                   |
| MACHINE PHOTOCOPY RICOH MP2501spf       | 8.50% |             | Dir: Traffic Services   | 2017/03/30 |                         |                     |                                  |                            |  | 1 346                   |
| MACHINE PHOTOCOPY RICOH MP2501spf       | 8.50% |             | Traffic Court           | 2017/03/30 |                         |                     |                                  |                            |  | 1 346                   |
| MACHINE PHOTOCOPY RICOH MP2501spf       | 8.50% |             | Housing Office          | 2017/03/30 |                         |                     |                                  |                            |  | 1 346                   |
| MACHINE PHOTOCOPY RICOH MP2501spf       | 8.50% |             | Fire Brigade            | 2017/03/30 |                         |                     |                                  |                            |  | 1 346                   |
| MACHINE PHOTOCOPY RICOH MP2501spf       | 8.50% |             | General Expenses        | 2017/03/30 |                         |                     |                                  |                            |  | 1 346                   |
| MACHINE PHOTOCOPY RICOH MP2501spf       | 8.50% |             | Dir: Community Services | 2017/03/30 |                         |                     |                                  |                            |  | 1 346                   |
| MACHINE PHOTOCOPY RICOH MP2501spf       | 8.50% |             | Admin: Electrical       | 2017/03/30 |                         |                     |                                  |                            |  | 1 346                   |
| MACHINE PHOTOCOPY RICOH MP2501spf       | 8.50% |             | Dir: Community Services | 2017/03/30 |                         |                     |                                  |                            |  | 1 346                   |
| C2 9005 ISUZU KB250D LED FLEETSIDE PU S | 9.00% |             |                         |            |                         |                     |                                  |                            |  | 1 346                   |
| <b>Total Lease Liabilities</b>          |       |             |                         |            | <b>2 094 697</b>        |                     | <b>2 094 697</b>                 | <b>4 092 471</b>           | <b>1 652 749</b>                       | <b>4 534 416</b>        |
| <b>TOTAL EXTERNAL LOANS</b>             |       |             |                         |            | <b>17 512 075</b>       |                     | <b>17 512 075</b>                | <b>4 092 471</b>           | <b>3 525 696</b>                       | <b>18 078 846</b>       |

**APPENDIX B - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014**  
**MUNICIPAL VOTES CLASSIFICATION**

| 2013<br>Actual<br>Income<br>R | 2013<br>Actual<br>Expenditure<br>R | 2013<br>Surplus/<br>(Deficit)<br>R |  | 2014<br>Actual<br>Income<br>R | 2014<br>Actual<br>Expenditure<br>R | 2014<br>Surplus/<br>(Deficit)<br>R |
|-------------------------------|------------------------------------|------------------------------------|--|-------------------------------|------------------------------------|------------------------------------|
| 483 132                       | (2 288 037)                        | (1 804 905)                        | Admin: Commun Serv                     | 496 485                       | (2 903 338)                        | (2 406 853)                        |
| 15 771                        | (6 838 884)                        | (6 823 113)                        | Admin: Corp Serv                       | -                             | (18 243 774)                       | (18 243 774)                       |
| 9 612 871                     | (17 408 169)                       | (7 795 298)                        | Admin: Electrical                      | 3 387 243                     | (7 978 926)                        | (4 591 683)                        |
| 232 044                       | (3 376 064)                        | (3 144 020)                        | Admin: Engineering Serv                | 230 514                       | (3 425 724)                        | (3 195 210)                        |
| 4 230 987                     | (11 077 257)                       | (6 846 270)                        | Admin: Fin Serv                        | 6 133 111                     | (9 555 554)                        | (3 422 443)                        |
| 1 111                         | (252 670)                          | (251 559)                          | Admin: Nelspoort                       | 1 123                         | (556 514)                          | (555 391)                          |
| 12 646 085                    | (11 214 782)                       | 1 431 303                          | Admin: Traffic                         | 40 800 155                    | (37 154 410)                       | 3 645 745                          |
| 214 529                       | (6 017 663)                        | (5 803 134)                        | Admin: Water                           | 111 013                       | (2 843 164)                        | (2 732 151)                        |
| 65 059                        | (639 001)                          | (573 942)                          | Building Control                       | 95 227                        | (784 219)                          | (688 992)                          |
| 168 348                       | (431 487)                          | (263 139)                          | Cemeteries                             | 168 948                       | (710 748)                          | (541 800)                          |
| -                             | (1 429 652)                        | (1 429 652)                        | Fire Brigade                           | -                             | (1 649 860)                        | (1 649 860)                        |
| 39 039 268                    | (10 971 855)                       | 28 067 413                         | General Expenses                       | 24 081 066                    | (13 325 239)                       | 10 755 827                         |
| 15 254 782                    | (15 983 182)                       | (728 400)                          | Housing Office                         | 28 595 346                    | (29 476 892)                       | (881 546)                          |
| -                             | (315 162)                          | (315 162)                          | IDP: Co-Ordinator                      | 60 000                        | (145 452)                          | (85 452)                           |
| 5 500                         | (1 222 868)                        | (1 217 368)                        | Information Technology                 | -                             | (1 318 194)                        | (1 318 194)                        |
| 8 194                         | (63 461)                           | (55 267)                           | Irrigation Water                       | 7 953                         | (56 967)                           | (49 014)                           |
| 10 588                        | (113 336)                          | (102 748)                          | Kwa-Mand Comm Hall                     | 4 370                         | (115 380)                          | (111 010)                          |
| -                             | (666 141)                          | (666 141)                          | Kwa-Mand Office                        | -                             | (622 110)                          | (622 110)                          |
| 1 392 275                     | (1 382 145)                        | 10 130                             | Library Church Street                  | 1 276 937                     | (1 286 263)                        | (9 326)                            |
| 1 001 498                     | (1 030 523)                        | (29 025)                           | Library Mimos                          | 1 290 902                     | (1 079 797)                        | 211 105                            |
| 154 410                       | (97 945)                           | 56 465                             | Library Nelspoort                      | 119 393                       | (122 321)                          | (2 928)                            |
| 51 621                        | (83 090)                           | (31 469)                           | Main Road                              | 23 377                        | (33 313)                           | (9 936)                            |
| 1 447                         | (1 556 227)                        | (1 554 780)                        | Mechanical Workshop                    | 1 316                         | (1 644 254)                        | (1 642 938)                        |
| 455 543                       | (3 612 399)                        | (3 156 856)                        | Municipal Buildings                    | 296 273                       | (4 526 548)                        | (4 230 275)                        |
| 345 322                       | (2 111 354)                        | (1 766 032)                        | Municipal Manager                      | 164 290                       | (1 892 231)                        | (1 727 941)                        |
| 19 795 572                    | -                                  | 19 795 572                         | Municipal Rates                        | 21 272 839                    | -                                  | 21 272 839                         |
| 2 683                         | (18 848)                           | (18 165)                           | Pound                                  | 2 198                         | (23 327)                           | (21 129)                           |
| 420                           | -                                  | 420                                | Private Work                           | 420                           | -                                  | 420                                |
| 366 834                       | (6 583 345)                        | (6 216 511)                        | Recreation Sites                       | 978 450                       | (6 655 300)                        | (5 676 850)                        |
| 5 644 655                     | (5 431 906)                        | 212 749                            | Refuse Removal                         | 6 068 813                     | (7 221 348)                        | (1 152 535)                        |
| 11 883 012                    | (2 587 053)                        | 9 295 959                          | Reticulation: H Volt                   | 3 426 772                     | (3 261 491)                        | 165 281                            |
| 49 108 731                    | (40 273 768)                       | 8 834 963                          | Reticulation: L Volt                   | 59 694 224                    | (46 353 608)                       | 13 340 616                         |
| 15 228                        | (111 458)                          | (96 230)                           | Rustdene Comm Hall                     | 12 253                        | (138 080)                          | (125 827)                          |
| -                             | (334 480)                          | (334 480)                          | Rustdene Office                        | -                             | (412 261)                          | (412 261)                          |
| (10 179)                      | -                                  | (10 179)                           | S/E 1 Rustdene                         | 112                           | -                                  | 112                                |
| 4 469                         | (4 474)                            | (5)                                | S/E 4 Rustdene                         | 219 217                       | (219 218)                          | (1)                                |
| 30 692                        | (30 691)                           | 1                                  | S/E 8 Rustdene                         | 30 594                        | (30 594)                           | -                                  |
| 14 312                        | (14 312)                           | -                                  | S/E 9 Rustdene                         | 14 193                        | (14 193)                           | -                                  |
| 208 501                       | (451 616)                          | (243 115)                          | Service Connections                    | 126 452                       | (554 382)                          | (427 930)                          |
| -                             | (3 233 669)                        | (3 233 669)                        | Sewerage Farm                          | 459 938                       | (3 870 402)                        | (3 410 464)                        |
| 17 068 263                    | (1 506 241)                        | 15 562 022                         | Sewerage System                        | 16 632 114                    | (1 893 074)                        | 14 739 040                         |
| -                             | (1 681 351)                        | (1 681 351)                        | Stores                                 | -                             | (2 017 646)                        | (2 017 646)                        |
| -                             | (1 175 188)                        | (1 175 188)                        | Street Cleansing                       | -                             | (1 286 896)                        | (1 286 896)                        |
| 832 027                       | (4 122 504)                        | (3 290 477)                        | Street Lightening                      | 3 472 277                     | (4 451 263)                        | (978 986)                          |
| 27 699 500                    | (12 253 808)                       | 15 175 692                         | Street works & Storm Water             | 7 328 893                     | (13 005 041)                       | (5 676 148)                        |
| 77 115                        | (289 615)                          | (212 500)                          | Swimming Pool Birds                    | 45 147                        | (350 027)                          | (304 880)                          |
| 66 768                        | (265 898)                          | (199 130)                          | Swimming Pool Nieuveld                 | 37 543                        | (323 004)                          | (285 461)                          |
| -                             | (230 759)                          | (230 759)                          | Tourism                                | -                             | (300 163)                          | (300 163)                          |
| 20 295                        | (59 302)                           | (39 007)                           | Town Commonage                         | 14 464                        | (11 301)                           | 3 163                              |
| -                             | (728 168)                          | (728 168)                          | Traffic Court                          | -                             | (800 692)                          | (800 692)                          |
| -                             | (40 867)                           | (40 867)                           | Traffic Lights                         | -                             | (70 556)                           | (70 556)                           |
| 75 318                        | (153 620)                          | (78 302)                           | Vacuum Services                        | 63 995                        | (168 571)                          | (104 576)                          |
| 507 507                       | (348 254)                          | 159 253                            | Vehicle Registration                   | 575 394                       | (360 551)                          | 214 843                            |
| 174 065                       | (355 644)                          | (181 579)                          | Vehicle Testing Station                | 168 706                       | (457 849)                          | (289 143)                          |
| 1 162 745                     | (9 121 512)                        | (7 958 767)                        | Water Purification                     | 26 581                        | (10 069 126)                       | (10 042 545)                       |
| 14 117 735                    | (5 591 044)                        | 8 526 691                          | Water Reticulation                     | 19 655 374                    | (5 923 511)                        | 13 731 863                         |
| -                             | (383 441)                          | (383 441)                          | Internal Audit                         | 211 789                       | (583 707)                          | (371 918)                          |
| 171 504                       | (468 122)                          | (296 618)                          | Labour Relations                       | 54 758                        | (646 553)                          | (591 795)                          |
| 120 297                       | (1 355 857)                        | (1 235 560)                        | Murraysburg Administration             | 2 390 875                     | (1 077 722)                        | 1 313 153                          |
| 3 067 757                     | (3 519 602)                        | (451 845)                          | Murraysburg Electricity                | 3 220 189                     | (3 804 831)                        | (584 642)                          |
| 372 332                       | (373 094)                          | (762)                              | Murraysburg Library                    | 494 955                       | (480 424)                          | 14 531                             |
| 1 849 955                     | -                                  | 1 849 955                          | Murraysburg Municipal Rates            | 1 519 391                     | -                                  | 1 519 391                          |
| -                             | (28 854)                           | (28 854)                           | Murraysburg Recreation Site            | 199 643                       | (273 001)                          | (73 358)                           |
| -                             | -                                  | -                                  | Murraysburg Sewerage                   | -                             | -                                  | -                                  |
| 1 241 976                     | (1 393 352)                        | (151 376)                          | Murraysburg Refuse Removal             | 1 373 674                     | (1 904 797)                        | (531 123)                          |
| -                             | (618 863)                          | (618 863)                          | Murraysburg Street Works & Storm Water | 219 901                       | (976 491)                          | (756 590)                          |
| 3 388                         | (42 525)                           | (39 137)                           | Murraysburg Swimming Pool              | 5 365                         | (77 761)                           | (72 396)                           |
| 220 466                       | (1 081 883)                        | (861 417)                          | Murraysburg Water Works                | 1 469 838                     | (1 234 443)                        | 235 395                            |
| 225 163                       | (555 962)                          | (330 799)                          | Thusong Centre                         | 224 704                       | (419 473)                          | (194 769)                          |
| 9 789                         | (61 817)                           | (52 028)                           | Wheely Wagon Kwa Mandlenkosi           | 24 022                        | (131 695)                          | (107 673)                          |
| 218 000                       | (220 900)                          | (2 900)                            | Murraysburg - Thusong Centre           | 45 409                        | (286 826)                          | (241 417)                          |
| 241 757 280                   | (207 557 021)                      | 34 200 259                         | <b>Sub Total</b>                       | 259 126 518                   | (263 592 391)                      | (4 465 873)                        |
| -                             | 9 790 378                          | 9 790 378                          | Less Inter-Departmental Charges        | -                             | 9 358 426                          | 9 358 426                          |
| 241 757 280                   | (197 766 643)                      | 43 990 637                         | <b>Total</b>                           | 259 126 518                   | (254 233 965)                      | 4 892 553                          |

**APPENDIX C - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

| 2013<br>Actual<br>Income<br>R | 2013<br>Actual<br>Expenditure<br>R | 2013<br>Surplus/<br>(Deficit)<br>R | 2013                            |                                    | 2014                          |                                    | 2014<br>Surplus/<br>(Deficit)<br>R |
|-------------------------------|------------------------------------|------------------------------------|---------------------------------|------------------------------------|-------------------------------|------------------------------------|------------------------------------|
|                               |                                    |                                    | 2013<br>Actual<br>Income<br>R   | 2013<br>Surplus/<br>(Deficit)<br>R | 2014<br>Actual<br>Income<br>R | 2014<br>Actual<br>Expenditure<br>R |                                    |
| 39 556 094                    | (14 165 531)                       | 25 390 563                         | 24 511 903                      | (16 747 893)                       | 7 764 010                     |                                    |                                    |
| 25 997 922                    | (15 367 756)                       | 10 630 166                         | 31 317 339                      | (14 241 807)                       | 17 075 532                    |                                    |                                    |
| 497 109                       | (11 733 453)                       | (11 236 344)                       | 310 737                         | (24 099 817)                       | (23 789 080)                  |                                    |                                    |
| 297 103                       | (4 330 227)                        | (4 033 124)                        | 385 741                         | (4 355 395)                        | (3 969 654)                   |                                    |                                    |
| 4 053 446                     | (6 685 552)                        | (2 632 106)                        | 4 160 576                       | (7 697 672)                        | (3 537 096)                   |                                    |                                    |
| 15 294 076                    | (16 032 659)                       | (738 583)                          | 28 859 462                      | (29 740 897)                       | (881 435)                     |                                    |                                    |
| 12 646 085                    | (13 372 602)                       | (726 517)                          | 40 800 155                      | (39 604 962)                       | 1 195 193                     |                                    |                                    |
| 514 105                       | (7 210 237)                        | (6 696 132)                        | 1 266 148                       | (7 679 093)                        | (6 412 945)                   |                                    |                                    |
| 6 886 631                     | (8 000 446)                        | (1 113 815)                        | 7 442 487                       | (10 413 041)                       | (2 970 554)                   |                                    |                                    |
| 17 143 581                    | (4 893 530)                        | (12 250 051)                       | 17 156 047                      | (5 932 047)                        | 11 224 000                    |                                    |                                    |
| 28 434 140                    | (15 485 886)                       | 12 948 254                         | 8 317 587                       | (16 477 499)                       | (8 159 912)                   |                                    |                                    |
| 15 723 669                    | (21 875 563)                       | (6 151 894)                        | 21 270 759                      | (20 127 211)                       | 1 143 548                     |                                    |                                    |
| 74 713 319                    | (68 403 579)                       | 6 309 740                          | 73 327 577                      | (66 475 057)                       | 6 852 520                     |                                    |                                    |
|                               |                                    |                                    |                                 |                                    |                               |                                    |                                    |
| 241 757 280                   | (207 557 021)                      | 34 200 259                         | Sub Total                       | (263 592 391)                      | (4 465 873)                   |                                    |                                    |
|                               |                                    |                                    | Less Inter-Departmental Charges | -                                  | 9 358 426                     | 9 358 426                          |                                    |
|                               |                                    |                                    | <b>Total</b>                    | <b>259 126 518</b>                 | <b>(254 233 965)</b>          | <b>4 892 553</b>                   |                                    |
|                               |                                    |                                    |                                 |                                    |                               |                                    |                                    |

APPENDIX D - Unaudited  
BEAUFORT WEST LOCAL MUNICIPALITY  
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

| Grant Description  | Balance<br>1 July 2013 | Correction<br>of error | Restated<br>balance<br>1 July 2013 | Transfer<br>in | Contributions<br>during the year | Interest on<br>Investments<br>(Only if a<br>condition) | VAT    | Operating<br>Expenditure<br>during the year<br>Transferred<br>to Revenue | Capital<br>Expenditure<br>Transferred<br>to Revenue | Refund<br>to Donor | Transfer<br>out | Balance<br>30 June 2014 |
|--|------------------------|------------------------|------------------------------------|----------------|----------------------------------|--|--------|--|---|--------------------|-----------------|-------------------------|
| <b>UNSPENT/UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b> |                        |                        |                                    |                |                                  |  |        |  |   |                    |                 |                         |
| <b>NATIONAL</b>  |                        |                        |                                    |                |                                  |  |        |  |   |                    |                 |                         |
| Finance Management Restruct.                                     | (96 075)               | -                      | (95 075)                           | 1 080 638      | 1 450 000                        | -  | -      | 72 634   | 1 549 068   | -                  | -               | 553 013                 |
| 132/22KV Substation & 20 MVA Transformer                         | (786 457)              | -                      | (786 457)                          | 553 013        | 6 000 000                        | -  | -      | 475 748  | 3 426 772   | (266 767)          | 1 080 638       | 4 621 105               |
| Electrification of Central Kardoo                                | -                      | -                      | -                                  | 4 000 000      | -                                | -  | -      | 326 675  | 2 365 243   | -                  | -               | -                       |
| MSIG 2011/2012   | (14 377)               | -                      | (14 377)                           | 890 000        | -                                | 11 813   | -      | 32 929   | 857 071   | -                  | -               | (85 942)                |
| Expanded Public Works Programme                                  | 209 288                | -                      | 209 288                            | -              | 1 000 000                        | 10 738   | -      | -  | 1 093 378   | 1 093 378          | -               | 178 955                 |
| Exploration Allowers   | -                      | -                      | -                                  | -              | 3 000 000                        | -  | -      | -  | -   | 26 581             | -               | -                       |
| Energy efficiency demand (EEEdS)                                 | -                      | -                      | -                                  | 450 000        | -                                | 150 000  | -      | -  | 348 729   | 2 501 271          | -               | -                       |
| Opening/ Launch 132 KV Substation                                | -                      | -                      | -                                  | -              | -                                | -  | -      | 450 000  | -   | -                  | -               | -                       |
| <b>PROVINCIAL</b>  |                        |                        |                                    |                |                                  |  |        |  |   |                    |                 |                         |
| Community Development Workers (CDW's)                            | 8 820                  | -                      | 8 820                              | -              | 207 800                          | 998  | -      | -  | -   | 301 652            | -               | (84 034)                |
| Consumer Housing Education Program                               | 110 629                | -                      | 110 629                            | -              | -                                | 4 255  | -      | -  | -   | 14 304             | -               | 100 580                 |
| Project Provincial Funds   | 29 719                 | -                      | 29 719                             | -              | -                                | 1 176  | -      | -  | -   | -                  | -               | 30 895                  |
| Project Preparation Grant Planning                               | 147 832                | -                      | 147 832                            | -              | -                                | 9 747  | -      | -  | -   | -                  | -               | 157 579                 |
| Public Transport Infrastructure                                  | (80 162)               | 60 182                 | 115 628                            | -              | -                                | 2 467  | -      | -  | 1 889   | -                  | -               | 162 724                 |
| Refuse Recycling Project   | 13 085                 | -                      | 13 085                             | -              | -                                | 518  | -      | -  | -   | -                  | -               | 13 613                  |
| Rezoning Scheme Regulations                                      | 9 902                  | -                      | 9 902                              | -              | -                                | 392  | -      | -  | -   | -                  | -               | 10 294                  |
| Sanitation Master Plan   | 130 682                | -                      | 130 682                            | -              | -                                | 5 169  | -      | -  | 8 400   | 80 000             | -               | 67 431                  |
| Tourisme Potentiel Nelspruit                                     | 7 246                  | -                      | 7 246                              | -              | -                                | 287  | -      | -  | -   | -                  | -               | 7 533                   |
| Tourisme Tokoms  | 134 709                | -                      | 134 709                            | -              | -                                | 4 874  | -      | -  | -   | -                  | -               | 159 583                 |
| Upgrading electricity network Nelspruit                          | 116 425                | -                      | 116 425                            | -              | -                                | 3 393 000  | 46 896 | -  | -   | 3 034 583          | -               | 372 633                 |
| Public library Services  | 12 427                 | -                      | 12 427                             | -              | -                                | 493  | -      | -  | -   | -                  | -               | 12 920                  |
| Water Masterplan   | 6 649                  | -                      | 6 649                              | -              | -                                | 734  | -      | -  | -   | -                  | -               | 7 392                   |
| Soup Kitchens  | 483 904                | -                      | 483 904                            | -              | -                                | 800 000  | 27 574 | -  | -   | 48 631             | -               | 39 191                  |
| Management Support Grant   | 817 919                | -                      | 817 919                            | -              | -                                | 6 646  | 41 921 | -  | -   | 312 661            | -               | -                       |
| Provision Of Services Nelspruit (23)                             | 4 923 009              | -                      | 4 923 009                          | -              | -                                | 2 712 243  | 62 742 | -  | -   | 355 395            | -               | -                       |
| 240 Inde Dwellings Asia  | 200 000                | -                      | 200 000                            | -              | -                                | -  | -      | -  | -   | 7 682 080          | -               | 4 415                   |
| Upgrading sport facilities Murrasburg                            | 12 437                 | -                      | 12 437                             | -              | -                                | -  | -      | -  | -   | 198 643            | -               | 357                     |
| S3 & S4 Services   | 11 409                 | -                      | 11 409                             | -              | -                                | -  | -      | -  | -   | 518 920            | -               | 13 010                  |
| 55 Consolidation Scheme Kwa Mandienkosi                          | 2 525                  | -                      | 2 525                              | -              | -                                | -  | -      | -  | -   | 6 556              | -               | 80 630                  |
| Xhoxha dwellings   | -                      | -                      | -                                  | -              | -                                | -  | -      | -  | -   | -                  | -               | 107 195                 |
| 274 IRDP Dwellings   | -                      | -                      | -                                  | -              | -                                | -  | -      | -  | -   | -                  | -               | -                       |
| Mandela Memorial Service   | -                      | -                      | -                                  | -              | -                                | -  | -      | -  | -   | -                  | -               | -                       |
| Compliance module  | -                      | -                      | -                                  | -              | -                                | -  | -      | -  | -   | -                  | -               | -                       |
|  |                        |                        |                                    |                |                                  | -  | -      | -  | -   | 57 100             | -               | -                       |

APPENDIX D - Unaudited  
 BEAUFORT WEST LOCAL MUNICIPALITY  
 DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

| Grant Description                                     | Balance<br>1 July 2013 | Correction<br>of error | Restated<br>balance<br>1 July 2013 | Transfer<br>in   | Contributions<br>during the year | Interest<br>on<br>investments<br>(Only if a<br>condition) | VAT            | Operating<br>Expenditure<br>during the year<br>Transferred<br>to Revenue | Capital<br>Expenditure<br>during the year<br>Transferred<br>to Revenue | Refund<br>to Donor | Transfer<br>out | Balance<br>30 June 2014 |
|---|------------------------|------------------------|------------------------------------|------------------|----------------------------------|---|----------------|--|--|--------------------|-----------------|-------------------------|
| <b>MG</b>   |                        |                        |                                    |                  |                                  |   |                |  |  |                    |                 |                         |
| PMU - Project Management Unit                         | -                      | -                      | -                                  | -                | 314 781                          | -   | -              | 236 514  | -  | -                  | -               | 84 267                  |
| Improve surface of gravel roads                       | -                      | -                      | -                                  | -                | 3 147 992                        | -   | -              | -  | -  | -                  | -               | 650 293                 |
| Retention Dams  | -                      | -                      | -                                  | -                | 451 850                          | -   | -              | -  | -  | -                  | -               | 441 555                 |
| Rustidene Sport Stadium                               | -                      | -                      | -                                  | -                | 718 173                          | -   | -              | -  | -  | -                  | -               | 84 999                  |
| New Refuse Transfer Station                           | -                      | -                      | -                                  | -                | 65 462                           | -   | -              | -  | -  | -                  | -               | 18 290                  |
| Rehabilitation Roads: Murrahsburg                     | -                      | -                      | -                                  | -                | 250 687                          | -   | -              | -  | -  | -                  | -               | -                       |
| Upgrading Water Supply : Murrahsburg                  | -                      | -                      | -                                  | -                | 326 980                          | 854 486   | -              | 106 406  | -  | -                  | -               | 351 830                 |
| Upgrade/extension Of Water Sup : Murrahsburg          | -                      | -                      | -                                  | -                | 196 909                          | 709 708   | -              | 67 748   | -  | -                  | -               | 318 041                 |
| Resource Reduction Water (priv)                       | -                      | -                      | -                                  | -                | 100 000                          | 265 440   | -              | 42 258   | -  | -                  | -               | 12 537                  |
| High mast lights Greater Beaufort West                | -                      | -                      | -                                  | -                | 2 190 768                        | 700 000   | -              | 337 874  | -  | -                  | -               | 202 358                 |
| Main water pipeline Rustidene                         | -                      | -                      | -                                  | -                | 110 893                          | -   | -              | -  | -  | -                  | -               | {#2 825}                |
| Nelspoort Bulk Water                                  | -                      | -                      | -                                  | -                | 612 423                          | 833 811   | -              | 168 121  | -  | -                  | -               | 110 803                 |
| External sewerage line Buitenkant street              | -                      | -                      | -                                  | -                | 5 555 533                        | -   | -              | -  | -  | -                  | -               | (102 751)               |
| External stormwater tank to Buitenkant street         | -                      | -                      | -                                  | -                | 222 594                          | 4 999 282   | -              | 527 811  | -  | -                  | -               | 1 257 540               |
| Rehab. Oxidation Ponds: Murrahsburg                   | -                      | -                      | -                                  | -                | -                                | 114 000   | -              | 570 670  | -  | -                  | -               | 575 000                 |
| Rehab. Oxidation Ponds: Nelspoort                     | -                      | -                      | -                                  | -                | -                                | 450 270   | -              | 14 000   | -  | -                  | -               | 100 000                 |
| Flood Lighting B/West Rugby field                     | -                      | -                      | -                                  | -                | -                                | 100 269   | -              | 50 391   | -  | -                  | -               | 39 940                  |
| Flood Lighting Nelspoort Sport field                  | -                      | -                      | -                                  | -                | -                                | 134 810   | 500 000        | -  | 69 685   | -                  | -               | 32 743                  |
| LOCAL ECONOMIC DEVELOPMENT                            | 31 341                 | -                      | 31 341                             | -                | -                                | -   | 1 603          | -  | 73 683   | -                  | -               | 34 811                  |
| Arts & Crafts   | -                      | -                      | -                                  | -                | -                                | -   | -              | -  | -  | -                  | -               | 32 944                  |
| CKDM  | 8 047                  | 8 047                  | -                                  | -                | -                                | -   | -              | -  | -  | -                  | -               | 8 365                   |
| Website   | 54 758                 | 54 758                 | -                                  | -                | -                                | -   | -              | -  | -  | -                  | -               | -                       |
| Shared Services                                       | 39 531                 | 39 531                 | -                                  | -                | -                                | -   | -              | -  | -  | -                  | -               | {#58 039}               |
| Expanded Public Works Programme                       | (16 498)               | (16 498)               | -                                  | -                | 318 800                          | 16 498  | -              | -  | -  | -                  | -               | 16 498                  |
| Expanded Public Works Programme                       | 136 249                | 136 249                | -                                  | -                | -                                | -   | -              | -  | -  | -                  | -               | 136 249                 |
| <b>Total</b>  | <b>6 801 574</b>       | <b>60 162</b>          | <b>6 861 736</b>                   | <b>5 783 224</b> | <b>67 626 621</b>                | <b>248 195</b>  | <b>167 384</b> | <b>3 848 604</b>   | <b>42 349 256</b>  | <b>21 148 285</b>  | <b>482 929</b>  | <b>5 864 934</b>        |
| <b>Total</b>  | <b>6 801 574</b>       | <b>60 162</b>          | <b>6 861 736</b>                   | <b>5 783 224</b> | <b>67 763 957</b>                | <b>252 613</b>  | <b>167 384</b> | <b>3 848 604</b>   | <b>42 351 760</b>  | <b>21 348 285</b>  | <b>482 929</b>  | <b>5 864 934</b>        |
| <b>UNSPENT/UNPAID CONDITIONAL PUBLIC CONTRIBUTION</b> |                        |                        |                                    |                  |                                  |   |                |  |  |                    |                 |                         |
| <b>PRIVATE</b>  |                        |                        |                                    |                  |                                  |   |                |  |  |                    |                 |                         |
| Existing Houses Nelspoort                             | -                      | -                      | -                                  | -                | -                                | 134 634   | 4 418          | -  | -  | -                  | -               | -                       |
| Merweville Library Alteration                         | -                      | -                      | -                                  | -                | -                                | -   | 4 118          | -  | -  | -                  | -               | 139 052                 |
| <b>Total</b>  | <b>6 801 574</b>       | <b>60 162</b>          | <b>6 861 736</b>                   | <b>5 783 224</b> | <b>67 763 957</b>                | <b>252 613</b>  | <b>167 384</b> | <b>3 848 604</b>   | <b>42 351 760</b>  | <b>21 348 285</b>  | <b>482 929</b>  | <b>5 864 934</b>        |
| <b>Total Receipts</b>                                 |                        |                        |                                    |                  |                                  |   |                |  |  |                    |                 |                         |